



Daily Report

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General

Spokesman Warns About 'Political Schemes' of Taiwan

OW0702113994 Beijing XINHUA in English 1117
GMT 7 Feb 94

[Text] Beijing, February 7 (XINHUA)—China hopes that the countries concerned will cherish the overall interest of their relations with China and stand on guard against the political schemes of the Taiwan authorities.

A Chinese Foreign Ministry spokesman, Wu Jianmin, made the remarks here today when asked to comment on the report that Li Denghui [Li Teng-hui] of Taiwan plans to spend "holidays" during the spring festival in Indonesia and Thailand.

Under the disguise of "holidays" trips, the Taiwan authorities are trying to develop "substantive relations" with some countries, thus creating a situation of "two Chinas" in the world, Wu said. This is something the Chinese Government and people are strongly opposed to and can never accept.

Should the governments of the countries having diplomatic relations with China endorse Li Denghui's trips, in whatever name and form, it will deeply hurt the feelings of the Chinese people and damage the friendly relations and cooperation between China and the countries concerned, he stressed.

The spokesman noted that the Chinese Foreign Ministry has respectively expressed to the countries involved the serious concern of the Chinese Government.

"It is our hope that the countries concerned will cherish the overall interest of their relations with China, and stand on guard against the political schemes of the Taiwan authorities, so as to protect the hard-won friendly relations and cooperation between them and China from any disruption and sabotage," the spokesman said.

Spokesman Appeals for End to Hostilities

OW0702114494 Beijing XINHUA in English 1134
GMT 7 Feb 94

[Text] Beijing, February 7 (XINHUA)—China appeals to the parties concerned in Bosnia-Herzegovina to immediately stop all hostilities, said a Chinese Foreign Ministry spokesman here today.

The spokesman made the remark when asked to comment on the February 5 incident, in which an exploded shell in Sarajevo wounded and killed hundreds of people.

Noting that the grave incident has shocked and enraged the international community, he said "We strongly condemn this atrocity", and that the fundamental way out in bringing the conflict in Bosnia-Herzegovina to an end lies in political solution.

"We appeal to the parties concerned in Bosnia-Herzegovina to immediately stop all hostilities, and settle their differences properly through earnest negotiations so as to lift the people in Bosnia-Herzegovina from the scourge of war at an early date", the spokesman said.

President Clinton Meets Aides on Bosnian Strategy

OW0602222194 Beijing XINHUA in English 2137
GMT 6 Feb 94

[Text] Washington, February 6 (XINHUA)—U.S. President Bill Clinton met today with senior aides on how to tackle the worsening violence in Bosnia amid rising calls for air strikes.

However, few people believe that the option of air strikes would be taken any time soon, taking into account the thousands of lightly-armed U.N. troops in the Balkan Republic.

A mortar shell exploded Saturday [5 February] at a crowded market in Sarajevo, killing at least 68 people and wounding more than 200, the largest single civilian casualties since war broke in the former Yugoslav Republic 22 months ago.

Washington condemned the "cowardly act" and urged the U.N. for speedy identification of those responsible.

"We do not rule out the use of NATO air strikes once responsibility has been fixed," Secretary of State Warren Christopher said Saturday in a written statement.

Christopher said he discussed the incident with British Foreign Secretary Douglas Hurd yesterday and planned further consultation with other allies.

The U.S. sent an eight-member medical team and three cargo planes to Sarajevo earlier today to evacuate the victims. Pentagon said more help would be extended after injury assessment.

While threatening force, the U.S. reiterated calls for a negotiated settlement.

"It is time for responsible leaders among the warring factions to step forward and be counted. It is time for the international community to stand together and bring the maximum pressure to bear," William Perry, the new U.S. defense secretary, said at a conference in Munich, Germany.

NATO 'Ready' for Air Strikes

OW0702022794 Beijing XINHUA in English 0144
GMT 7 Feb 94

[Text] Bonn, February 6 (XINHUA)—U.S. Defense Minister William Perry said today NATO forces were ready to launch air strikes in Bosnia but cautioned that the United States would not do so without consultation with Western allies.

There was no doubt about NATO's capability of launching air strikes and within an hour after the order was issued, he told a conference on European security in Munich.

But he was also cautious about the military action in the former Yugoslav republic which has been embroiled in civil war for the past 22 months.

"I can tell you unequivocally at this stage that we will not take any military action without considering seriously the effect on the situation in Bosnia, and we will not invoke air strikes unilaterally, not with 28,000 troops of our allies on the ground in Bosnia," he said.

The United States and several other NATO countries currently have military attack jets based in Italy awaiting any decision by UN Secretary-General Butrus Butrus-Ghali to launch air strikes in Bosnia.

Perry, who was sworn in as secretary of defense only two days ago to replace Les Aspin, said the U.S. had been in close contact with Western Europe and the United Nations following a mortar attack on a market place in the Bosnian capital of Sarajevo on Saturday which killed 68 people and wounded about 200.

The bloody incident has prompted even more calls for outside intervention. France urged international action, including the use of air power, to lift the siege of Sarajevo. The Russian Foreign Ministry has also expressed its anger over the atrocity.

After attending the security conference, Perry flew back to Washington to consult with President Bill Clinton over the latest killings in Bosnia and their moves to check further massacres in the war-torn territory.

UN Envoy Li Zhaoxing Supports UNOSOM Decision on Somalia

OW0502032094 Beijing XINHUA in English 0257 GMT 5 Feb 94

[Text] United Nations, February 4 (XINHUA)—The UN Security Council today changed the brief of its Somalia peacekeeping mission (UNOSOM) by deciding to abandon any attempt to disarm Somalia factions by force.

In a unanimous resolution, the council limited UNOSOM's mandate to assisting the Somalia parties in achieving national reconciliation, providing humanitarian relief and protecting major ports and airport, etc.

A direct outcome was that the council also authorized a gradual reduction of the UN Somalia peacekeeping forces to 22,000.[001a] The UN Operation had over 30,000 soldiers at its peak and currently there are about 25,700 troops.

The resolution follows the UN's failure to forcibly disarm Somalia factions.

U.S. troops last summer masterminded operations in Mogadishu in a search for faction leader Mohamed Farah Aidid, whose supporters were accused of killing 25 Pakistani peacekeepers in June.

When 18 U.S. soldiers were killed on October 3, the United States, facing strong domestic opposition to military involvement in Somalia, announced it would complete its withdrawal by the end of March.

Since then the UN policy towards Somalia has been under scrutiny.

The Chinese ambassador to the UN, Li Zhaoxing, noted the importance of a political settlement on the issue.

"The international community had become increasingly aware that the final solution to the Somali question lies within the Somali people themselves and the key to it is the realization of broadly-based national reconciliation," he said.

"UNOSOM's experience and lessons have shown that the fundamental and effective way for a settlement is by peaceful means. Resorting to military action will only serve to complicate the matter," he added.

KCNA Denounces U.S. Human Rights Report

OW0402160794 Beijing XINHUA in English 1458 GMT 4 Feb 94

[Text] Pyongyang, February 4 (XINHUA)—The Democratic People's Republic of Korea (DPRK) today accused the United States of interfering in its internal affairs by "gravely distorting DPRK's reality" on human rights.

The official Korean Central News Agency (KCNA) said the recently released U.S. "Annual Report on Human Rights in the World" statement that the DPRK violates human rights was a "shameless intervention" into DPRK's internal affairs.

The U.S. move was aimed at harming DPRK's image so as to isolate the country in the international community, said the agency.

In fact, it stressed, the government of the DPRK guarantees genuine freedom and rights for all citizens.

On the other hand, it added, the United States is one of the countries that most gravely tramples human rights. The KCNA urged the United States to immediately stop activities which attack the DPRK and socialism using the excuse of "human rights issue."

SRV Welcomes End of U.S. Trade Embargo

OW0402134694 Beijing XINHUA in English 1326 GMT 4 Feb 94

[Text] Hanoi, February 4 (XINHUA)—Hanoi today welcomed Washington's decision to lift the U.S. trade embargo against Vietnam, saying it was "a positive and

significant decision, which contributes to opening a new page in U.S.-Vietnamese relations in the interest of the two peoples."

At a press conference held here this afternoon, Vietnamese Deputy Foreign Minister Le Mai issued [a] statement by his ministry saying the decision meets the approval of the American and Vietnamese people, and that of many other countries as well.

U.S. President Bill Clinton on Thursday [3 February] declared the embargo on Vietnam at an end, and proposed the mutual establishment of liaison offices in the two countries.

Le Mai said that improvement in U.S.-Vietnamese relations would make a significant contribution to peace, friendship, and cooperation among nations.

The Vietnamese Government reaffirms its policy of attaching importance to relations with the United States and expresses the wish for normal relations between the two countries, he continued.

Officials of the two countries will meet immediately to discuss the details of setting up liaison offices. Vietnam sees this development as a transitional step towards full diplomatic relations between the two countries, he added.

Le Mai also reiterated Vietnam's policy of regarding the question of Americans missing in action in the war as a humanitarian concern, and not linked to political issues.

In consonance with their humane tradition and policy, the Government and people of Vietnam have been, and will be cooperating in a constructive spirit with the American Government and people to solve this issue to the fullest possible extent, he stressed.

The vice minister said that Vietnam is willing to become a friend of the international community and will work for the sake of peace, stability and development in Southeast Asia and the world.

Le Mai said it will be a long and difficult process between lifting the embargo and normalizing relations, and it is up to the extent of sincerity shown by both sides to decide whether there will be obstacles in this process.

He expressed the wish that the United States will look upon Vietnam as a friend, just as Vietnam looks at the United States as its friend.

John Cray, head of the U.S. MIA office in Hanoi, today also told reporters that the lifting of embargo will help strengthen cooperation between the two countries in solving the MIA issue.

'Backgrounder' Notes Prospects for U.S.-Vietnam Trade

OW0402194894 Beijing XINHUA in English 1850
GMT 4 Feb 94

["Backgrounder": "U.S.-Vietnam Trade: How it Starts and Where It'll Go" by Wang Nan]

[Text] Washington, February 4 (XINHUA)—For Washington, which lifted its 1975 trade embargo against Vietnam on Thursday [3 February], the South East Asian nation is an emerging market worth billions of dollars in business.

In a few weeks, U.S. federal agencies including the Commerce Department will complete the drafting of U.S. trade and investment regulations in Vietnam. Related tax codes are expected to come out too.

Among the existing U.S. laws banning U.S. trade with Vietnam are the 1993 Foreign Aid Appropriations Bill and amendment laws to the U.S. Export-Import Bank.

Officials from Treasury and State Departments will head for Vietnam for talks on U.S. Government and private property claims stemming from the war, estimated at between 140 and 200 million U.S. dollars.

Washington said its share of Vietnamese market will worth six billion U.S. dollars a year. Before 1996, trade in aviation, telecommunications, heavy equipment and construction will be four billion dollars.

According to the 110-member U.S.-ASEAN council, the lifting of embargo will generate more than eight billion dollars in new export opportunities for U.S. firms in five years.

Since 1975, the embargo has costed U.S. firms 1.5 billion dollars in annual sales, according to the papers released by the council on competitiveness.

Observers here said U.S. investment chances in Vietnam are mainly in power generation, medical equipment, transportation equipment, construction, engineering, telephones and commercial aircraft.

Vietnam also represents a vast market for U.S. information technology, banking services, oil and gas exploration technologies, accounting and legal services.

On the other hand, the lifting of trade embargo will boost Vietnam's exports of garments, textiles, shoes, toys and others to the U.S..

The JOURNAL OF COMMERCE, a major trade newspaper, reported today that as many as 300 U.S. companies stand ready to trade with Vietnam, like Boeing, Digital Equipment and Motorola.

Already, three dozen U.S. firms have set up representative offices in Hanoi since U.S. dropped its opposition to loans to Vietnam by international financial institutions last July.

Among the U.S. companies catching up quickly in trade with Vietnam are Pepsi-Cola International, Coca Cola, Eastman Kodak Co., General Electric Co., Mobil Corp. and Citibank.

American Express will sign an agreement with Vietnam's Bank of Foreign Trade that permits the use of its credit cards in Vietnam. United Airlines is seeking permission to start flights between Los Angeles and Ho Chi Minh City.

Central Eurasia

Yeltsin Considers Naming Three Scholars as Aides

OW0402163694 Beijing XINHUA in English 1516 GMT 4 Feb 94

[Text] Moscow, February 4 (XINHUA)—Russian President Boris Yeltsin may soon appoint three scholars, who are known for their "independent outlook" as his aides, presidential sources said on Friday [4 February].

The three "stars," Georgiy Satarov, Emil Paine and Leonid Smirnyagin, are all members of the Presidential Council at present. But they have always expressed their "independent opinions" that cause "discontent" of the president, the sources said.

Satarov is expected to be named presidential aide for working with the Parliament. Paine is an expert on nationalities problems, and Smirnyagin on regional policy.

Satarov reportedly aims to create "the necessary political atmosphere in which the relations of the president and the Parliament are based on a two-way flow of information."

Paine and Smirnyagin will enrich the presidential administration with their scientific and research potential.

The three, if appointed, would join another "independent" expert, Yuriy Baturin, who recently became the presidential national security adviser.

Baturin came to work for the president from the foundation created by former Soviet President Mikhail Gorbachev, and was the only member of the presidential support group to express disagreement with Yeltsin's decree dissolving the former Parliament last October.

According to the sources, Yeltsin is planning to consult Baturin, Satarov, Paine and Smirnyagin during preparations of his state of the nation address which he is to make to the two-chamber Parliament.

Yeltsin Cancels Order for Building New Parliament Building

OW0502021894 Beijing XINHUA in English 0200 GMT 5 Feb 94

[Text] Moscow, February 4 (XINHUA)—Russian President Boris Yeltsin today suspended a government decision to construct a new parliamentary building which was to cost 500 million U.S. dollars.

The former parliament "White House" was allocated for government use following the bloody October event last year.

Yeltsin's order was announced by the presidential press service department in the wake of much criticism of the construction plan which was also one of the reasons why Yegor Gaydar, one of the government's senior officials, resigned on January 16.

Heilongjiang Border Trade With Russia Up 60 Percent

HK0402135094 Hong Kong ZHONGGUO TONGXUN SHE in English 1101 GMT 4 Feb 94

[Text] Harbin, February 4 (CNS)—Some 760,000 tonnes of goods were carried to Russia via Heilongjiang border ports last year, 60 percent up over the amount the year before while the number of people crossing the border there by car was 23, 000, 52 percent more. Goods shipped in this way made up one quarter of all goods passing through the province's border.

The province invested more than RMB [renminbi] 30 million in the construction of roads and bridges linking border ports with storage depots as well as in the development of industries including machinery, electronic products, chemical industry, construction materials, real estate and tertiary industry. Foreign investment has also expanded into these fields with many such investors earning good profits.

Northeast Asia

DPRK Daily Denies Existence of 'Missile Threat'

OW0602072794 Beijing XINHUA in English 0544 GMT 6 Feb 94

[Text] Pyongyang, February 6 (XINHUA)—The Democratic People's Republic of Korea (DPRK) today rejected the charge that it was causing the tense situation on the Korean peninsula with its missiles.

In a commentary today, the official newspaper NODONG SINMUN said that "there exists absolutely no DPRK missile threat."

The commentary added that the defense capacity of the DPRK, a peace-loving country, was set for self-defense only.

It said the U.S. allegation of a DPRK missile threat was a "plot" designed to justify its plans to deploy "Patriot" missiles in South Korea and set up a "theater missile defense system" with Japan.

The commentary said the United States, which had increased its military presence in South Korea and other areas, had created obstacles to the effort to solve the nuclear issue on the Korean peninsula.

It pointed out that the "DPRK missile threat" resulted from the U.S. desire to maintain and expand its military status in Northeast Asia.

It stressed that if the United States continued to put pressure on the DPRK by using its military might, the situation on the Korean peninsula would be intensified and the possibility of war heightened.

ROK Assembly Speaker Views Relations With PRC

SK0502133494 Beijing China Radio International in Korean 1100 GMT 4 Feb 94

[Text] ROK National Assembly Speaker Yi Man-sop said yesterday that the Chinese economy is developing rapidly and that the ROK and China must develop far-reaching relations of friendship, cooperation, and mutual trust. Speaker Yi Man-sop said this at a breakfast meeting hosted by the ROK-China Friendship Society.

Speaker Yi Man-sop, who visited China this past January, said: China has already turned into a (?big construction site). He added that Xian, an old city, where the tomb of Qin Shihuang and clay soldiers are found, has developed into a base for the aircraft and car industries. Shanghai has been carrying out a far-reaching plan to develop the (Sodong) new district.

Speaker Yi Man-sop also said that developing relations of friendship and cooperation with China, among the countries surrounding the Korean peninsula, is the most important in view of the economic development of the ROK and China and the prospects of reunification on the Korean peninsula.

During a speech at the breakfast meeting, Zhang Tingyan, Chinese ambassador to the ROK, said that the development of friendship and cooperation relations by China and the ROK benefits the two countries and will contribute to developing economic cooperation in the Asia-Pacific region and opening the era of the Asia-Pacific region.

Malaysia To Open Several Tourist Offices

OW0402164794 Beijing XINHUA in English 1614 GMT 4 Feb 94

[Text] Kuala Lumpur, February 4 (XINHUA)—Malaysia will set up several tourist representative offices in China to promote tourism and investment businesses.

Beijing, Shanghai and Guangzhou have been chosen as the sites for the offices, deputy minister of culture, arts and tourism Chan Kong Choy said here today.

He said the number of Chinese tourists to Malaysia rose to about 90,000 in 1993 from 46,811 in 1992.

The promotion efforts may bring the number to 100,000 this year, Chan said.

His ministry is preparing to organize a Malaysian culture and food festival in Beijing next month as a promotion program, he added.

Near East & South Asia

Coal-Mine Project Contract Signed With Bangladesh

OW0702121594 Beijing XINHUA in English 1152 GMT 7 Feb 94

[Text] Dhaka, February 7 (XINHUA)—China and Bangladesh signed a contract on the Barapukuria Coal-Mine Development Project on Monday [7 February], which will be the first such project ever built in this South Asian country.

Mei Haolin, deputy general manager of the China National Machinery Import and Export Corporation (CMC), and M. A. Jalil Khan, secretary of the Petrobangla signed the contract on behalf of their respective sides.

Present at the occasion were Chinese Ambassador to Bangladesh Zhang Xujiang and Bangladesh Minister of Power, Energy and Mineral Resources Khondaker Mosharraf Hossain [title as received].

According to a Chinese official, the project is jointly contracted by CMC and other two Chinese companies, with an investment of more than 200 million U.S. dollars. The Chinese Government will provide a buyer's credit of almost 200 million U.S. dollars to the project.

It will be the largest overseas turn-key project ever contracted by the Chinese companies, the official noted.

The project, with an annual capacity of 1 million tons of coal, is scheduled to be completed in five years and aims to ease the bottle-necked energy supply in Bangladesh.

Border Talks With India End in New Delhi

OW0402160694 Beijing XINHUA in English 1511 GMT 4 Feb 94

[Text] New Delhi, February 4 (XINHUA)—The first meeting of the diplomatic and military experts teams from China and India concluded here today.

During the two-day meeting, the two sides exchanged views on how to solve as early as possible the issue of close military confrontation at certain sectors along the line of actual control (LAC) on the Sino-Indian border.

The two teams also discussed their future tasks in implementing the agreement on maintenance of peace and tranquillity along the LAC, which was signed by the two countries during the visit to China by Indian Prime Minister Narasimha Rao last year.

They agreed that the next meeting of the experts teams will be held in Beijing a few months later to continue the discussion on these issues.

The Chinese team will leave here for home on February 4.

Indian Defense Ministry Announces Test-Firing of Missile

OW0402145194 Beijing XINHUA in English 1440
GMT 4 Feb 94

[Text] New Delhi, February 4 (XINHUA)—India has successfully test-fired a multi-target surface to air missile Akash (sky) at Chandipur in the eastern Indian state of Orissa on Thursday, according to a Defense Ministry announcement available here today.

The announcement described the test-firing of a 25 kilometer long range missile as a technological breakthrough.

The announcement said that the missile used the integrated two-stage rocket ramjet propulsion.

This was the first successful test-firing of the 650 kilogram missile.

The missile had multiple warheads which could target four to five enemy aircraft at long range.

XINHUA Reports Hashemi-Rafsanjani Assassination Attempt

OW0602210994 Beijing XINHUA in English 2045
GMT 6 Feb 94

[Text] Tehran, February 6 (XINHUA)—Iranian leader Ayatollah 'Ali Khamene'i today blamed the "satanic powers" for Tuesday's [1 February] aborted assassination of President Hashemi-Rafsanjani.

He warned against plots of "satanic powers" to physically eliminate those Iranian people who are efficient and helpful for the country, Islam and Moslems.

It is understood that the "satanic powers" refer to the United States and Israel.

Iranian authorities said that President Hashemi-Rafsanjani was the target of the unsuccessful assassination attempt on February 1.

Shots were fired into the air at the shrine of Ayatollah Khomeini as Rafsanjani was delivering a speech at a ceremony there to mark the anniversary of the victory of the Islamic revolution.

Ayatollah Khamene'i termed the Islamic revolution as a great storm which thwarted treacherous conspiracies and ambitious plans of the United States and its lackeys in Iran when he was addressing a large group of people today.

At the same time, the local daily "TEHRAN TIMES," which usually expresses the views of the Foreign Ministry, today and Saturday also blamed the United States and Israel for the assassination attempt.

The daily said in its editorial that the United States and Israel are the two countries which consider Iran and its Islamic revolution detrimental to their interests.

The editorial added that both Israel and its master, the United States, have a long history of assassinating world leaders.

Jiang Zemin Meets Pakistani Visitors in Beijing

OW0502100594 Beijing XINHUA in English 0903
GMT 5 Feb 94

[Text] Beijing, February 5 (XINHUA)—Sino-Pakistan friendship enjoys a solid basis, said Chinese President Jiang Zemin here today in a meeting with Wasim Sajjad, chairman of the Pakistan Senate, and his party.

While recalling the recent meeting between Benazir Bhutto and him, Jiang expressed his conviction that through the joint efforts of the two governments and peoples, the China-Pakistan ties would be growing continuously.

Jiang called Mr. Sajjad "an old friend of the Chinese people" and praised him for his positive contribution to the development of the Sino-Pakistan friendly relations of cooperation.

The contacts and cooperation between the Chinese People's Political Consultative Conference (CPPCC) and the Pakistan Senate add a new page to the history of China-Pakistan friendship, Jiang said.

Sajjad said that Sino-Pakistan friendship is sincere and has stood the test of time. "We cherish our friendship with China," he said.

During the meeting, Sajjad conveyed to Jiang the best regards from Pakistan President Leghari.

Jiang also asked Sajjad to convey his best regards and wishes to President Leghari when he returns to Pakistan.

Qian Zhengying, vice-chairwoman of the CPPCC national committee, attended the meeting.

Pakistani Official Ends Visit

OW0502121394 Beijing XINHUA in English 1137
GMT 5 Feb 94

[Text] Beijing, February 5 (XINHUA)—Li Ruihuan, chairman of the national committee of the Chinese People's Political Consultative Conference (CPPCC),

met here today with Wasim Sajjad, chairman of the Pakistan Senate, and his party, as they concluded their Beijing visit.

The visitors are going to visit Shanghai, Guangzhou and Zhuhai.

During the meeting Li said that the Chinese Government and people attach great importance to Sino-Pakistan friendship. The development of Sino-Pakistan friendship is of great significance in the current international situation, he said.

Li expressed the hope that the two countries can expand exchanges and co-operation in the fields of economics and trade, science and technology, and culture.

He said that practices have proved that exchanges of visits and views between leaders of the two countries can help consolidate and promote Sino-Pakistan friendship.

He also asked Sajjad to convey his regard to Pakistan leaders.

Sajjad expressed the hope for increasing friendly contacts with the CPPCC. Both Pakistan and China abide by the five principles of peaceful co-existence, he said. Pakistan will be China's reliable and trust-worthy friend under any circumstances.

Qian Zhengying, vice-chairman of the CPPCC national committee, was present at the meeting.

Sub-Saharan Africa

Government Suspends Diplomatic Ties With Burkina Faso

OW0502112294 Beijing XINHUA in English 1053
GMT 5 Feb 94

[Text] Beijing, February 5 (XINHUA)—The Chinese Government has lodged a strong protest with the Government of Burkina Faso and declared the suspension of China's diplomatic relations with Burkina Faso.

According to reports from Ouagadougou, Li Yongqian, Chinese ambassador to Burkina Faso, made serious representations with the Government of Burkina Faso yesterday. He solemnly stated that as the Government of Burkina Faso had "restored" the so-called "diplomatic relations" with the Taiwan authorities, the Chinese Government lodged a strong protest with the Government of Burkina Faso and declared the suspension of China's diplomatic ties with Burkina Faso.

Li pointed out that by doing so, the Burkina Faso Government had gone back on its solemn commitment contained in the communique of September 15, 1973 on the establishment of diplomatic relations between China and Burkina Faso that it recognized the Government of the People's Republic of China as the sole legal government representing the entire Chinese people, seriously

undermining the existing friendly relations and cooperation between the two countries and the friendship between the two peoples.

He announced that the Government of the People's Republic of China decided, therefore, to suspend its diplomatic relations with Burkina Faso as of that day.

Spokesman Views Ties Suspension

OW0502120694 Beijing XINHUA in English 1128
GMT 5 Feb 94

[Text] Beijing, February 5 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that the setback in Sino-Burkina Faso relations is not what the Chinese side wishes to see, and the responsibility for it rests entirely with the Government of Burkina Faso.

On February 2, the Government of Burkina Faso, in disregard of the long-standing friendly relations and cooperation between China and Burkina Faso, announced the so-called "restoration" of "diplomatic relations" with Taiwan, the spokesman said, adding that the Chinese Government has lodged a strong protest with the Government of Burkina Faso and announced the suspension of diplomatic relations with Burkina Faso and cessation of implementation of all agreements between the two governments.

In recent years, the spokesman pointed out, the Taiwan authorities, taking advantage of the temporary economic difficulties of some countries, have gone out of their way to pursue "money diplomacy" in an attempt to create "two Chinas" or "one China, one Taiwan".

This indecent trick, he noted, goes entirely against the fundamental interest of the Chinese nation and is bound to meet the opposition of the people on both sides of the Taiwan straits.

"The scheme of the Taiwan authorities is doomed to failure," he said.

Heilongjiang To Export Two Yun-12-11 Planes to Zambia

SK0402013494 Harbin HEILONGJIANG RIBAO in Chinese 19 Jan 94 p 1

[Text] At 0900 on the morning of 13 January, aviators of China Feilong Corporation flew two Yun-12-11 multi-purpose airplanes manufactured by Harbin Aircraft Manufacturing Company from Harbin to Kunming for export to Zambia.

West Europe

Daily Views Sino-British Relations, Hong Kong Issue

HK0702023794 Beijing RENMIN RIBAO in Chinese 4 Feb 94 p 10

["What the Chinese People Say" column by Fu Xu (0265 2485): "Looking Into the Future With Full Confidence"]

[Text] In 1993 important progress was made in cross-strait relations, and Macao entered its later period of transition. On the Hong Kong issue, however, Sino-British talks were terminated unilaterally by the British side, which deliberately raised obstacles, although both sides had carried out 17 rounds of talks for more than seven months. This is an unfavorable factor to Hong Kong's steady transition, but not a decisive factor. Hong Kong's economic situation is good. Some 12 percent of Hong Kong people who have settled down abroad over the past 10 years or so have returned. Many Hong Kong citizens say that they have full confidence in Hong Kong's future.

The breakdown of talks is something we do not wish to see. This has been proved by the unremitting efforts the Chinese side has made from the beginning to the end of the talks. However, what has now happened is also not unexpected. As early as 1982 when meeting with former British Prime Minister Mrs. Thatcher, Comrade Deng Xiaoping gave the following prediction: "What I am concerned about is how to ensure a smooth transition in the next 15 years. I am afraid that great disorders may appear during this period. But they will all be manmade disorders, disorders made not only by foreigners, but also Chinese, but mainly the British." The old-line British colonialists have occupied the territory of Hong Kong, their last colony, for more than 100 years. They will certainly be unhappy about quitting immediately, although they also often spout high-sounding words of democracy. The current problem is how we should look at the situation we are facing.

Some Hong Kong citizens with foresight said: "We must rely on our own efforts to ensure a smooth transition in Hong Kong."

In the past, because of the weak and corrupted royal court of the Qing Dynasty and the force of the British

imperialists, three unequal treaties were signed. As a result, Britain has occupied this Chinese territory for more than 100 years.

On 19 December 1984, the heads of the Chinese and British Governments signed in Beijing a joint declaration on the Hong Kong issue after two years of talks. On 27 May 1985, the two governments put the Sino-British Joint Declaration into effect by exchanging instruments of ratification in Beijing. The long-cherished wishes of the Chinese people finally came true. This could never have been done either by the Qing Court or in old China. The dream of the Chinese people can be turned into reality only today, when China has become powerful. In his speech delivered at the Third Plenary Meeting of the Central Advisory Commission, Comrade Deng Xiaoping said: "Why could talks on the Hong Kong issue be held successfully? It was not because the participants on our side had special skills. The main reason was that our country had developed in the past few years and become a prosperous country, a powerful country, and a trustworthy country. We keep our word and mean what we say." Hong Kong's prosperity and return and Macao's return have all benefited from this, and so will the reunification of the motherland in the future. This is where our confidence lies.

Under the guidance of Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line and with the intensification of reform and expansion of the opening up drive, our country will become more powerful. The party and state are fully confident on this point. By adhering to the policy of "one country, two systems," further intensifying reform, and opening wider to the outside world, the Basic Law will go deeper into the hearts of the people....Our future is certainly bright.

The new year is approaching. Let us look at the brighter future with full confidence!

Political & Social

Jiang Zemin Exhorts Party To Care for Masses

OW0502021594 Beijing XINHUA Domestic Service in Chinese 0922 GMT 3 Feb 94

[By XINHUA reporter Li Renhu (2621 0088 5706) and SHANXI RIBAO reporter Li Dongxi (2621 2639 0823)]

[Text] Taiyuan, 3 Feb (XINHUA)—It was the dead of winter at the end of the year. Chairman Jiang Zemin, general secretary of the CPC Central Committee and chairman of the Central Military Commission, braved the severe cold and crossed mountain after mountain to travel through Shanxi. He brought with him the concern and warmth of the party Central Committee, State Council, and Central Military Commission to grass-roots units as well as to the hearts of the vast number of workers, peasants, soldiers, and intellectuals. He pointed out: Showing concern for the masses in all respects, relying on the masses in every matter, and gearing all our work toward the interests of the masses is the party's fundamental aim and working line as well as the party's vivid characteristic and political edge. Leading cadres and the vast number of party members should firmly remember the historical truth that people are the real heroes and origin of victory especially when times are more advanced and our undertakings more developed, and work more sincerely for the interests of the people. Our undertakings in building socialism with Chinese characteristics will then develop more vigorously.

Accompanied by Fu Quanyou, director of the General Logistics Department; Hu Fuguo, secretary of the Shanxi provincial party committee; Acting Shanxi Governor Sun Wensheng; and Li Laizhu, commander of the Beijing Military Region, General Secretary Jiang Zemin successively inspected Xinzhou, Luliang, Yuncheng, Linfen, Taiyuan, and Jinzhong prefectures from 29 January to 3 February. He visited peasant families; schools; plants; mines; and barracks; as well as peasants; workers; officers and men of the People's Liberation Army; public security cadres and policemen; officers and men of the armed police force; school teachers and students; masses in old revolutionary and poverty-stricken areas; and cadres working at the grass-roots level. Wherever he went, he held intimate conversations with the masses, asked about their welfare, listened to their opinions and demands, and extended New Year greetings to them.

On 29 January, Luliang prefecture was covered with a layer of snow and the temperature was 20 degrees Celsius below zero. Ignoring the severe cold and fatigue, Jiang Zemin went straight to Xingxian county's Caijiaya in the old revolutionary area. He visited the Jinsui Revolution Memorial Hall and called on veteran heroes, veteran revolutionaries, and martyrs' family members to convey his cordial greetings and take photographs with them. He earnestly told the cadres and people: The state power of the people's republic was established by revolutionaries of the older generation, and the party and government

always remembers them. We must continue the martyrs' unfulfilled will, carry forward the contributory spirit of the people in old revolutionary areas, and work arduously to develop Luliang prefecture.

General Secretary Jiang was worried about the people's lives in poverty-stricken mountain regions. Throughout his trip, he saw people busily buying goods for the Spring Festival, and was particularly pleased to see the joyous atmosphere. At about 1600 on the afternoon of 29 January, Jiang Zemin traveled through a 3-km long valley and came to Mingwanta village in Linxian county, Shanxi's largest poor county. Jiang Zemin walked briskly up the slope and entered the house of peasant Li Sier. He held the Li couple's hands and asked about their family, the size of their farm, grain production, and annual income. The young couple was moved by the party's concern, and they vowed to shake off their poverty to become well-off as soon as possible. Later, Jiang Zemin entered a low earthen cave dwelling, the home of poverty-stricken Liu Zhengyang. He held the hands of Liu Zhengyang's 71-year-old mother and asked about her welfare. He lifted the cooking pot cover and asked whether they had enough food, and checked the fireplace. He repeatedly reminded village cadres to look after poor households. Meanwhile, the masses who heard about the visit rushed to the scene. Standing on the undulating slope on top of the cave dwellings, they clapped their hands to welcome General Secretary Jiang. Jiang Zemin smilingly extended new year greetings to them all. The people said simultaneously: "General Secretary Jiang, you have worked hard. We hope you will come again." The heart of the party's general secretary was linked to those of the people, and the entire mountain village was submerged in a joyous and encouraging mood.

Shanxi still has some poor areas. However, the arduous, pioneering, and hardworking spirit of the people and cadres in the poverty-stricken areas, as well as their firm belief in the party and socialist undertakings, deeply impressed the general secretary. Jiang Zemin said: If cadres of all levels always showed their concern for poverty-stricken areas, shared the joys and sorrows of the people, and upheld the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, we would certainly achieve advanced results and change the outlook of poverty-stricken areas by adopting practical measures; promoting aid work for the poor; and maintaining our arduous struggle. We must be determined, adopt more good policies, and strive to accomplish the great task of eliminating absolute poverty in the entire country by the end of this century, to thoroughly solve the issue of the survival rights of Chinese people, who make up one-quarter of the world's population. This will not only be a great event in the history of Chinese people but also a magnificent feat in human history. He also stressed: The development and stability of the rural areas is always crucial to nationwide social development and stability. The tasks to strengthen the role of agriculture as the foundation of the national economy should

not waver at anytime. We must not slacken, in the slightest degree, in the production of principal agricultural products such as grains, cotton, and edible oil.

In Linfen city's Qiaoli village, Jiang Zemin carefully listened with great interest to what veteran party branch secretary Wang Yunkang said. Wang Yunkang, who has been a village cadre for 40 years, animatedly briefed Jiang Zemin on how his party branch had led local masses to adhere to the socialist course to achieve common prosperity, and on how he had made efforts to build up his village party branch. He said: A good party branch must be politically sensitive, ideologically correct, democratic in work style, and economically clean. In short, the party branch and the masses must stand together through thick and thin, and they should share joys and sorrows. After Wang Yunkang finished, the general secretary nodded and said applaudingly: You have done a great job and what you just said makes a lot of sense. Your experience shows the core of grass-roots work in rural areas is to build a good party branch. The primary reason why your village party branch has a unifying force, rallying power, and combat capability is that you have truly integrated the party's policy with your local reality, and have truly transformed the party central committee's guidelines into the masses' self-conscious act, thereby bringing economic prosperity to the village and making progress in your work in all areas. If village party branches across the country were like your party branch, our rural work would be much easier. Your experience also shows that once the rural areas' dual management system that combines household with collective operations, which is based on the establishment of the contract responsibility system with remuneration linked to output, is refined; once rural areas' agricultural, forestry, animal husbandry, sideline production, and fishery industries are developed; and once rural areas' collective economies have become stronger, the prospects for building new and modern socialist rural areas will be better and better. Jiang Zemin also told leading cadres accompanying him: Not only should rural areas work to consolidate their leading bodies, build up work forces, and improve work style, but party committees and governments at all levels should also insist on doing so. If we have strong leading bodies, competent work forces, and a good work style on all fronts, we will be able to stand the test of all kinds of difficulties and crises, and we will win victory after victory in our work.

Jiang Zemin also visited Linxian county's project employing comprehensive measures to fight soil erosion; Yuncheng's project to develop shoals in the Huang He and its project of diverting the Huang He water for irrigation use; and the project to widen the Hongdong section of the 309 State Highway, which is an important road for the transportation of Shanxi's coal. He fully approved Shanxi's efforts since the beginning of this winter to mobilize office cadres, workers, school teachers and students, and troops to do voluntary work—repairing roads and taking part in the construction of capital farming projects and other key projects. He told

Hu Fuguo, Sun Wensheng, and other comrades that they had done a good job and hoped they would keep up their good work. He pointed out insightfully: In the construction of some public projects, it is necessary to call on office cadres and people of all trades to do some voluntary work. This has many benefits. It is one of our party's fine traditions as well as a practical expression of our socialist politics; it not only helps develop our material civilization but also helps develop our spiritual civilization, to cement solidarity among the masses, bring party-masses relations closer, and improve our leading style.

Wherever he went, Jiang Zemin went deep down to inspect local factories and mining enterprises, and to extend his regards to workers. He visited the Yuncheng Plate Making Plant, Yongji Railway Electric Machinery and Devices Factory, Xishan Mining Bureau's Guandi Mine, and Taiyuan Railway Sub-bureau, and called on workers on the production forefront and their families. Jiang Zemin pointed out to cadres and workers of state-owned enterprises: Currently, state-owned enterprises are facing numerous difficulties. The party and government understand this very well and are always concerned about it. In developing the socialist market economy, state-owned enterprises—especially large and medium enterprises that are closely related to the country's economic development and the people's livelihood—must enhance not weaken their capabilities and must effectively prevent the loss of state assets, because these are a basic criterion for measuring the results of the reform of our economic system. All party members must have a very clear understanding of this. To improve the performance of state-owned enterprises, we must further transform the operating mechanisms, adjust the organizational structure, and adopt a modern enterprise management system. At the same time, these enterprises need necessary support from the state. In particular, workers of state-owned enterprises should work hand in hand, and fully bring their enthusiasm and creativity into play.

On 3 February, Jiang Zemin held a discussion meeting at the Taiyuan Railway Subbureau, where he was briefed on rules regarding all-around implementation of ideological and political work. Workers and staff members throughout the subbureau have followed the work rules for eight years, achieved good results, and amassed considerable experience. During the discussion meeting, the general secretary pointed out: You have carried out meticulous and lively ideological and political work, during various periods, in all areas for which the subbureau is responsible, and in all fields of work carried out by the subbureau; this is commendable. The more we deepen reform and develop the economy, the more we should strengthen all aspects of ideological and political work in all lines of work.

Jiang Zemin also held a discussion meeting with renowned model workers in Shanxi Province at the Xishan Mining Bureau, which was attended by model workers Li Shuangliang, Shen Jilan, Guo Fenglian, Li

Cheng, Hao Xiaoming, Fu Changwang, and Wang Cui. They told the general secretary about their practical experiences, made work proposals, and reflected the people's wishes. Jiang Zemin said: You are honorable representatives who have come to the fore from among workers, peasants, and intellectuals. Your advanced deeds fully demonstrate the necessity of wholeheartedly relying on the working class, the worker-peasant alliance, and the masses at all times, whether during revolution, construction, or reform. These are the sources of our strength and the foundations of our success. Respect for model workers and advanced characters means respect for people's practical work and pioneering spirit. Not only did we undergo rigorous tests during the revolutionary war but we have also encountered many new trials during reform, opening up, and modernization, some of which are very severe. If our comrades do not maintain vigilance and strengthen study and self-cultivation, they run the risk of being dismissed as useless. I hope that model workers will be able to withstand all kinds of tests at all times, including the test of their honor, and will continue to perform meritorious services for the party and people. I especially hope that our cadres will guard against conceit and impetuosity, show honesty and self-discipline, and fight a winning, not losing, battle against all kinds of ordeals.

During the inspection, Jiang Zemin also paid personal visits to military troops and barracks to find out about the learning, training, and living conditions of commanders and fighters. Upon seeing fighters on duty outside a certain grass-roots unit at the National Defense Science, Technology, and Industry Commission, the general secretary immediately got out of his car, clasped their hands, felt their clothes, and asked them whether they felt cold. At a certain tank regiment, Jiang Zemin entered the dormitory for new recruits to the 4th Squad of the 1st Company and asked them whether they were homesick. He smiled in relief when the fighters unanimously said they were serving the military without any worries. He told the regiment's commanders and fighters on a hopeful note: Cadres should cherish fighters, veteran soldiers should help new recruits, and new recruits should respect veteran soldiers. They should unite as one, strengthen political studies, conduct military training properly, and build troops into all-around militant collectives. At a certain infantry regiment, Jiang Zemin inspected its amenities service center, and visited cadres and fighters who were undergoing training. He urged military cadres to strive to acquire knowledge in new and high science and technology to meet the demands of the new situation and tasks.

Jiang Zemin expressed great concern for schooling and education for children in rural areas, especially those in mountainous regions. Whenever he arrived in a village, he would insist on inspecting kindergartens, and primary and middle schools. He praised Shanxi for implementing Project Hope and building schools to solve education problems for children in poor areas. He repeatedly pointed out: In the final analysis, economic development

and social progress are determined by the improvement of the people's quality, and of scientific and cultural levels in all sectors of society. It takes 100 years to cultivate people, and education is the foundation. Neglecting education is a short-sighted and dangerous act. In carrying out education in rural areas, we must consider local realities, readjust the school structure, and train more personnel of the junior middle school level that are badly needed for local development.

Also accompanying General Secretary Jiang Zemin during his inspection and visits to the people were responsible persons from relevant central departments, such as Zeng Qinghong, Ye Qing, Liu Jiang, Han Zhubin, Zhang Youcai, Teng Wensheng, and Yang Yongzhe.

Jiang Zemin Details 'Overriding' Task for 1994

OW0502034994 Beijing XINHUA Domestic Service in Chinese 1308 GMT 4 Feb 94

[Report by RENMIN RIBAO reporter Chen Weiwei (7115 4850 0251), Central People's Radio Network reporter Liu Zhenying (0491 2182 5391), and XINHUA reporter Zou Aoguo (6760 1947 0948)]

[Text] Beijing, 4 Feb (XINHUA)—Today marked the beginning of spring. The CPC Central Committee held a Spring Festival discussion meeting with non-communist party figures at Zhongnanhai this afternoon. Jiang Zemin, general secretary of the CPC Central Committee, met happily with responsible figures from the various democratic parties, the All-China Federation of Industry and Commerce [ACFIC], and non-party affiliated figures to discuss state affairs, while ringing out the old and ushering in the new year.

In his speech, Jiang Zemin said: The basic principle of our party and state work in 1994 is: Under Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, to comprehensively implement the guidelines set by the 14th CPC National Congress, as well as by the Third Plenary Session of the 14th CPC Central Committee; to accelerate the establishment of a socialist market economic system; to maintain the sustained, rapid, and healthy development [chi xu kuai su jian kang fa zhan 2170 4958 1816 6643 0256 1660 4099 1455] of the national economy while safeguarding political stability, and promoting all-round social progress. Our overriding task for the current year is to seize the opportunity to deepen reform, open wider to the outside world, promote development, and maintain stability. Relevant work in various fields must be subordinate to and serve this overriding task.

The discussion meeting was presided over by Li Ruihuan, member of the Standing Committee of the CPC Political Bureau and chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC]. Hu Jintao, Li Lanqing, Wang Hanbin, We Xueqian, Wang Zhaoguo, and other leading comrades attended the meeting.

Fei Xiaotong, chairman of the Central Committee of the China Democratic League; Sun Qimeng, chairman of the Central Committee of the China Democratic National Construction Association; Lei Jieqiong, chairman of the Central Committee of the China Association for Promoting Democracy; and Wang Guangying, honorary chairman of the ACFIC successively spoke at the meeting. They spoke freely about the brilliant achievements made by China on various fronts under the CPC's leadership last year; they lauded the constant strengthening and development of multi-party cooperation under the CPC leadership. They said: The basic principle for 1994 put forward by the CPC Central Committee is of great importance. Members of various democratic parties and the ACFIC, as well as figures without party affiliation must strive to accomplish the grand objectives set out by the CPC Central Committee, and to perform new meritorious services. In the course of their speeches, they expressed their views and put forward proposals for developing the economy, reform and opening up, building an honest government, the construction of spiritual civilization, and educational work.

After the four non-party affiliated friends made their speeches, General Secretary Jiang Zemin delivered an important speech. On behalf of the CPC Central Committee and State Council, he expressed sincere appreciation, and extended cordial greetings to all the friends present at the meeting, to comrades and friends from the various democratic parties and the ACFIC, and to figures without party affiliation.

Touching on last year's work, Jiang Zemin said: Under our party's leadership, 1993 witnessed people of all nationalities in our country comprehensively implement the guidelines laid down by the 14th CPC National Congress and advance triumphantly along the road of building socialism with Chinese characteristics. The CPC Central Committee took the overall situation into consideration, paid special attention to a few major issues, maintained and developed a favorable situation for reform and opening up, and economic construction. To generalize, we mainly paid special attention to major issues in three aspects: First, through deepening reform we strengthened and improved macroeconomic regulation and control; adhered to the principle of promoting both material and spiritual civilization without relaxing efforts to attain either of them; promoted a rapid and sound development of the national economy; and gave an impetus to all-around progress in various social undertakings. The industrial sector maintained rapid growth, economic efficiency among enterprises was enhanced, the rural economy developed further, and construction of key projects was beefed up. We made new progress in propaganda and ideological work, in building spiritual civilization, and the anticorruption drive. Second, we convened the Third Plenary Session of the CPC Central Committee and adopted the "Decision on Some Issues Concerning the Establishment of a Socialist Market Economic Structure"; and, formulated the overall plan and basic framework for establishing a

socialist market economic system in our country, which is exerting and will continue to exert a far reaching impact on our efforts to push forward reform and open to the outside world, as well as on our modernization drive. Third, we earnestly organized the publicity and study drive of Volume 3 of the *Selected Works of Deng Xiaoping*, and launched activities to mark the birth centenary of Comrade Mao Zedong, thereby further uniting our people of all nationalities under the magnificent banner of building socialism with Chinese characteristics. At the same time, we also made new achievements in our party building, defense construction, and foreign affairs. All this has created favorable conditions for our continuous march forward in the new year.

After discussing the basic principles and general tasks of the party and government, Jiang Zemin said: The basic principles and general tasks set by the party Central Committee must be implemented in all sectors of society and all aspects of work, but first of all, in the vast countryside and state-owned enterprises. We must pay keen attention to the work in these two key areas in a bid to promote all-around reforms, development, and stability all over the country.

Jiang Zemin said: All in all, this year efforts must be focused on the following seven aspects: 1) Maintaining a sustained, rapid, and healthy growth of the national economy and continuing to promote all-around social progress. We must rely on scientific and technological progress and improved quality of the work force to promote economic growth, paying particular attention to readjusting the structure and raising efficiency. We must also develop the rural economy in an all-around way, effectively build up the stamina of state-owned large and medium enterprises, strengthen and improve macroeconomic control and regulation, and go all out to advance educational, scientific, and technological undertakings. 2) Quickening the pace of reform in establishing a socialist market economic structure. We must make ample preparations for launching and implementing various major measures for establishing a sound macroeconomic control and regulation system, continue to change the operating mechanisms of state-owned enterprises, explore effective ways for establishing a modern enterprise system meeting the requirements of a socialist market economy, advance price reform in due course, and develop an integrated, open, competitive, and orderly market system. 3) Further improving propaganda and ideological work. We must pay close attention to and make the study and publicity of Volume 3 of the *Selected Works of Deng Xiaoping* a fundamental task of ideological construction, and must earnestly implement the guidelines of the recent national propaganda and ideological work conference. 4) Actively promoting socialist democracy and the establishment of a legal system. We must persist in and perfect the system of people's congresses, and adhere to the system of multi-party cooperation and political consultation led by the Communist Party. We must continue to do a good job in the comprehensive management of public order to

ensure social stability. 5) Stepping up the united front work during the current new period. We must, under the banner of socialism with Chinese characteristics and patriotism, unite forces that can be united. We must bring into play the role of the CPPCC in exercising political consultation and democratic supervision. 6) Striving for an international environment favorable to reforms and construction in China. 7) Stepping up party building and the campaign to build a clean government. We must improve the quality of members of all leading bodies and the work force on all fronts, and enhance their ideological awareness and improve their work style.

Jiang Zemin emphasized: A correct understanding and proper handling of the relationships among reforms, development, and stability is vital to the fulfillment of various tasks this year. We have accumulated ample experiences in more than a decade of reform, which is designed to free and develop productive forces. The implementation of various reform measures is aimed at providing better institutional conditions for economic development. Therefore, we must imbue ourselves with an historical sense of urgency, while making solid, meticulous efforts to carry out each and every reform measure to ensure its success. Development is an essential criterion. We must firmly grasp the central task of economic construction at all times, never relaxing efforts nor wavering in the slightest degree. In terms of development, it is necessary to follow a new way of thinking. We must strive not only for an increase in the total volume of supply and demand in the economy but also, more importantly, attach importance to improving economic returns. Higher economic returns should be achieved by readjusting structure, upgrading technology, developing new products, and improving management, not by taking the old road of extensive management characterized by blindly seeking of output value and expansion of the investment scale. Stability is the prerequisite for reforms and development. To deepen reforms, open the country wider to the outside world, and promote all-around economic and social development, we must further maintain and consolidate the political situation marked by stability and unity. Meanwhile, only by persisting in reforms, opening up and developing the economy will it be possible to maintain stability in the long run. Therefore, we must understand correctly the dialectic unity between reform, development, and stability, which can promote one another.

Jiang Zemin said: Under the new situation in our efforts to push forward all-around reforms and accelerate the establishment of a socialist market economic structure, it is extremely important to continuously carry forward the fine tradition of the party's mass line. No matter whether we make revolution or carry out reform and construction, we must show concern for the masses in every way, rely on the masses in all matters, and do everything for the sake of the masses. Herein lies the fundamental objective and line of work, as well as the distinct characteristics and superior political features of our party. As the times move ever forward and our undertakings

develop further, we should all the more show our confidence in, concern for, and reliance on the masses [shi dai yue qian jin shi ye yue fa zhan wo men yue yao xin ren guan xin he yi kao qun zhong 2514 0108 6390 0467 6651 0057 2814 6390 4099 1455 2053 0226 6390 6008 0207 0117 7070 1800 0735 0181 7237 5028 5883]; respect their wishes and pioneering spirit; and detect and solve in good time new problems cropping up on our road of advance so as to properly guide, safeguard, and harness the enthusiasm of the masses. In this way, we can constantly make new achievements in our reform and development, continuously safeguard social and political stability, and continuously push forward our cause of socialist modernization.

Jiang Zemin pointed out: Over a long period in the past, comrades and friends of various democratic parties and the ACFIC, along with figures without party affiliation, have made use of their advantages to actively bring into play their role in participating in the administration and discussion of state affairs, and exercising democratic supervision. They have done a host of highly effective work in economic, scientific, and technological consultation, providing intellectual resources to support border and poor areas, establishing contacts abroad, and have served as links for importing foreign capital and technology; thus contributing significantly to propelling our country's reform and opening up policy and modernization drive. We believe in the new year, they will continue to stand alongside us and strive harder to uphold the principles of "long-term coexistence and mutual supervision, of showing utter devotion to each other, and sharing weal and woe together" while thinking over, discussing, and attending to major issues to make even greater contributions to the motherland's economic construction, reform, and opening up to the outside world.

Touching on the great cause of the motherland's reunification, Jiang Zemin said: It is a common desire of the entire people of China, as well as a development trend of the Chinese nation to accomplish the major undertaking of reunifying the motherland. We must continue to unswervingly push for reunification through a peaceful process in accordance with the principle of "one country, two systems." As far as the Taiwan issue is concerned, we are resolutely opposed to the concept of "two China's," "one Taiwan, one China" or "one country, two governments" in any form, and we will oppose any utterances and actions that are designed to create "Taiwan independence." With the date for the reversion of Hong Kong and Macao to the motherland drawing nearer and nearer, our task in this respect will definitely become increasingly more arduous. Whatever situation we may come across hereafter, we will accomplish this sacred mission entrusted to us by history according to schedule. We hope that friends outside our party will continue to carry out their work toward this end through various channels, at various levels, and in various fields and forms; and achieve new results in their efforts to realize the strategic concept of "one country, two systems," thereby accomplishing the great cause of the motherland's reunification.

Jiang Zemin stressed: Currently, with the relatively favorable international environment, coupled with essential domestic conditions, and under the guidance of our party's basic line, the Chinese people are continuously advancing from victory to victory along the road of building socialism with Chinese characteristics. We have full confidence in the glorious future of our socialist motherland. Let us unite more closely, and strive to fulfill the various tasks for 1994.

Responsible officers of the various democratic parties and the ACFIC Central Committee, as well as nonparty figures who were also present at the meeting were: Li Peiyao, Peng Qingyuan, Qian Weichang, Ding Shisun, Wan Guoquan, Zhao Puchu, Chen Shunli, Lu Jiaxi, Fang Rongxin, Yang Jike, Xu Caidong, Cai Zimin, Sun Fuling, Jing Shuping, and Cheng Siyuan.

Responsible figures from relevant departments including Xu Ruixin, Jiang Minkuan, Wan Shaofen, Liu Yandong, Li Dezhu also attended the meeting.

Li Peng Continues Trip to Shenzhen, Zhuhai

Visits Shenzhen Bourse

HK0502073094 Hong Kong SOUTH CHINA MORNING POST in English 5 Feb 94 pp 1, 8

[By Steve Ball in Shenzhen and Willy Wo-lap Lam]

[Excerpts] Chinese Prime Minister Li Peng has given Shenzhen a shot in the arm by endorsing its free-market reforms. The supportive statements of the senior cadre who will officiate at the opening of the Daya Bay nuclear plant tomorrow, were partly responsible for the 5.74 percent jump in the Shenzhen stock index yesterday.

Mr. Li arrived at the special economic zone early yesterday morning after a five-day inspection of neighboring Zhuhai. Security was extremely tight with police armed with sub-machine guns and assault rifles stationed on every road junction, while others patrolled in unmarked pick-up trucks. Mr. Li's motorcade had more than 30 motorcycle outriders and half a dozen station wagons with heavily armed escorts.

Sources in Shenzhen said Mr. Li, who has visited Shenzhen annually in the past few years, headed straight to the local bourse. "Li heaped praise on the stock exchange as a vehicle for raising capital and restructuring the state enterprise system," an informed source said. "The premier expressed confidence Shenzhen economy could cross a new threshold once every few years."

"However, the premier also told bourse staff that progress of the 'stocks system' must match the pace of development in the entire country." The source said his brief remarks were interpreted by brokers and investors as a pat on the back for Shenzhen and the Guangdong coast in general.

The Credit Lyonnais index for Shenzhen's A shares shot up 98.09 points yesterday to close at the 1,807.18 mark.

During a previous visit to the Shenzhen bourse, the premier issued a stern warning against "speculationary activities" and insisted that the facility remained a "socialist stock exchange".

"Li listened to reports about Shenzhen's economic development the whole afternoon," a local journalist said last night. It is understood the premier gave instructions to a few cadres who would shortly take over leadership positions in the economic zone.

Local sources said Mr. Li would today tour major infrastructure projects in Shenzhen, including the new airport. Shenzhen officials said Mr. Li had shown "great personal concern" for the Daya Bay facility. [passage omitted]

Cadres in Shenzhen said yesterday at a time when hundreds of China's open cities had been granted "preferential policies" akin to those of the special economic zones, Mr. Li's remarks in the two zones were a great cause for reassurance.

As is the custom with the provincial tours of senior cadres, Mr. Li's presence in Shenzhen or Zhuhai was not recorded by local papers or TV stations. When told that it was Mr. Li who was in town, local residents expressed wishes he could use his authority for the benefit of the zone. One driver suggested that the premier take a good look at Shenzhen's roads. "The city Government never thought the place would develop this quickly," he said. "The cars and lorries are all over the place. It's a real mess."

Meets Zhou Nan in Shenzhen

HK0602060094 Hong Kong HSIANG KANG SHANG PAO in Chinese 6 Feb 94 p B1

[Report: "Li Peng Conducts Inspection Tour of Shenzhen and Meets With Zhou Nan"]

[Text] Shenzhen (HSIANG KANG SHANG PAO)—State Council Premier Li Peng, who is on an inspection tour in Shenzhen, visited the city yesterday under strict escort. Zhou Nan, director of the XINHUA News Agency Hong Kong Branch, who is to attend the inaugural ceremony of the Daya Bay Nuclear Power Plant this morning, confirmed in Shenzhen yesterday that he had met with Premier Li Peng. He said that the premier is in excellent health but refused to answer reporters' questions as to whether he had discussed the Hong Kong issue with Li Peng and whether Li Peng had given him any new instructions on the Hong Kong issue. He just told reporters to raise the questions directly with Premier Li Peng today.

Lauds Daya Bay Nuclear Plant

OW0702122694 Beijing XINHUA Domestic Service in Chinese 0952 GMT 6 Feb 94

[By reporters Jiang Zuozhong (3068 0146 0022) and He Ping (0149 1627)]

[Text] Shenzhen, 6 Feb (XINHUA)—The No. 1 Generating Unit of Guangdong's Daya Bay Nuclear Power Plant—China's first large nuclear power plant built with foreign funds and advanced equipment and technology—recently began commercial operation. Li Peng, premier of the State Council, attended and cut the ribbon at a celebration held at the Daya Bay Nuclear Power Plant this morning. In the evening of 5 February, Premier Li Peng held a reception in Shenzhen. He cordially met and addressed those attending the celebration, including those responsible for the joint venture that set up the Daya Bay Nuclear Power Plant; Chinese and foreign suppliers and contractors; representatives of Chinese and foreign experts; and French and British diplomats in China. He pointed out: The Daya Bay Nuclear Power Plant is a result of reform and opening up, and has been a beneficial experiment in establishing a modern enterprise system.

Jointly funded and constructed by the Guangdong Nuclear Power Investment Company Limited and the Hong Kong Nuclear Power Investment Company Limited, the Daya Bay Nuclear Power Plant is a large nuclear power plant with two pressurized water reactors capable of generating 900,000 kilowatts. The reactors were imported from France and Britain. Construction of the plant began in early 1984 and civil engineering and construction projects for various key buildings were essentially completed at the end of 1990. The No. 1 Generating Unit formally began commercial operations on 1 February. The No. 2 Generating Unit of the plant is expected to commence commercial operations this year. Once fully complete, the nuclear power plant will generate more than 10 billion kwh of electricity annually, and will play an active role in helping economic progress and prosperity in Guangdong and Hong Kong.

Li Peng said at the reception: The commercial operation of the No. 1 generating unit of the power plant marks a new step for China in the development of its nuclear power industry. The Qinshan Nuclear Power Plant is China's first medium-scale nuclear power plant which was researched, designed, manufactured, and built by China itself. The Daya Bay Nuclear Power Plant is China's first large nuclear power plant built with foreign funds and advanced equipment and technology. The construction of both nuclear plants has important significance for China as it starts to develop its nuclear power industry, cultivate its technological personnel, and master nuclear power technology.

Li Peng said: The Daya Bay Nuclear Power Plant is a result of reform and opening up. As early as 1979, when China had just begun to implement its policy of reform and opening up, the Power Industry Ministry Industry

and Guangdong Province proposed the idea of taking advantage of Shenzhen's favorable geographical location to attract foreign capital, construct a plant with loans, and repay the loans by selling electricity, thereby blazing a new path for China in the use of foreign funds and the development of large infrastructural projects. The Daya Bay Nuclear Plant was China's largest Sino-foreign joint-venture enterprise set up in the early period of reform and opening up. In accordance with international normal practice, the plant has established a modern enterprise management system and enforces a responsibility system whereby the general manager is under the guidance of a board of directors. The plant has, therefore, separated government from enterprise functions, and has instituted specific responsibilities and a scientific management system. In the course of constructing the power plant, it has introduced competitive mechanisms, and has adopted a system of attracting and accepting public tenders whereby it chose outstanding Chinese and foreign suppliers and construction enterprises to join in various endeavors including design, construction, experimentation, and consultation. The commendable aspects of the construction of Daya Bay Nuclear Plant are not only that China has imported advanced foreign equipment and technology, but it has also gained from advanced foreign experience in organizing and managing construction projects, thereby considerably raising its standards of modern construction.

Li Peng said: The party central committee and the State Council have been paying attention to and supporting the Daya Bay Nuclear Power Plant project. The State Council has held many meetings to expound and demonstrate the necessity of the project. When the joint-venture agreement was signed by the Guangdong Nuclear Power Investment Company Limited in 1985, Comrade Deng Xiaoping personally met Lord Kadoorie, founder of the Hong Kong Nuclear Power Investment Company Limited and former chairman of Hong Kong's China Light and Power Company, thereby fully endorsing his approval and support for the new project, which arose from reform and opening up. Comrade Jiang Zemin has been very concerned with the work at the nuclear power plant: He personally visited and gave instructions at the work site. During crucial moments when the project was under construction, many leading comrades of the party Central Committee and the State Council involved themselves personally and resolved problems as they occurred in an effort to help the project progress smoothly. Localities and departments—including the Power Industry Ministry, the China National Nuclear Corporation, Guangdong Province, and Shenzhen city—have done a lot of work to help construction of the nuclear power plant, have created various conditions, and have provided effective support in various aspects. The plant is also a product of the constructive efforts of both the central and local governments.

Li Peng expressed his hope: Chinese and foreign suppliers and contractors, as well as Chinese and foreign

personnel at the work site, should continue to make efforts and contribute to finishing the whole nuclear power plant project comprehensively and efficiently. Not only should we properly construct the new nuclear power plant, but we should also manage it properly. In a sense, it is more difficult to manage a nuclear power plant properly than to build it properly. Therefore, when operating the power plant in the future, all personnel must persistently pursue the principle of "quality and safety first" to ensure that electricity is safely, efficiently, and continuously generated and supplied to Guangdong and Hong Kong and so promotes economic prosperity in the region.

Li Peng said: China needs a lot of electricity. While vigorously developing thermal and hydroelectric power stations, we should also appropriately develop nuclear power plants as local conditions demand. The construction of the Daya Bay Nuclear Power Plant has generated successful experience on which the development of China's nuclear power industry can be based, and has trained a large number of specialist nuclear power professionals. Meanwhile, it has also created favorable conditions for the development of the second-phase construction project at Daya Bay Nuclear Power Plant. At present, China is comprehensively implementing the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee, it is deepening reform and opening wider to the outside world. Foreign investors have been very enthusiastic about investing in China. China has continually improved its investment environment and has further widened the scope for new investment. We welcome foreign investors to join us in developing China's basic industries and infrastructural facilities and warmly invite friends from various countries to carry out further economic and technological cooperation with China.

Leading comrades attending the celebration and the reception were Ding Guangen, Zou Jiahua, and Xie Fei; and also responsible persons from relevant departments of the State Council, from Guangdong Province, and from the Xinhua News Agency Hong Kong branch.

Also invited to attend the celebration and reception were the French and British ambassadors to China; and responsible persons from enterprises including Hong Kong's China Light and Power Company, the Hong Kong Nuclear Power Investment Company Limited, the French Power Company, the French Framatome Corporation, the French and British General Electric Alsthom Corporation, and the British General Electric Company.

Addresses Power Plant Inauguration

HK0702064494 Hong Kong WEN WEI PO in Chinese
7 Feb 94 p A2

[By staff reporter Su Hung-ju (5685 7703 0320): "Premier Li Peng Delivered Speech at Inauguration Ceremony of Daya Bay Nuclear Power Plant (Full Text)"]

[Text] Shenzhen, 6 Feb (WEN WEI PO)—At the inauguration ceremony of the Daya Bay Nuclear Power Plant, State Council Premier Li Peng delivered a speech entitled "Daya Bay Nuclear Power Plant is a Product of Reform and Opening, a Useful Trial of the Modern Enterprise System." The full text of the speech is as follows:

Ladies, gentlemen, friends, and comrades:

The Number 1 generator set of the Daya Bay Nuclear Power Plant officially started its commercial operation on 1 February 1994. Today, we gladly gather together to celebrate the completion of Number 1 generator set. First of all, on behalf of the State Council, I would like to express warm congratulations and sincere gratitude to the friends of China Light & Power Co. in Hong Kong who have been sincerely cooperating for many years, to the domestic and overseas suppliers and contract undertakers participating in the construction of the Daya Bay Nuclear Power Plant, to the Chinese and foreign experts and workers working hard day and night on the construction site, and to all friends and comrades who supported and cared about this construction project!

The beginning of the commercial operation of Number 1 generator set in the Daya Bay Nuclear Power Plant indicates that the nuclear power industry in our country had taken a new step. The Qinshan Nuclear Power Plant is the first medium-sized nuclear power plant built in our country on the basis of our own researches and with our own designs and equipment made in China, while the Daya Bay Nuclear Power Plant is the first large-sized nuclear power plant we built by introducing foreign funds and advanced equipment and technology. The construction of these two nuclear power plants play an important role in starting our country's nuclear power industry, training the technical contingent, and mastering nuclear power technology.

The Daya Bay Nuclear Power Plant is a product of reform and opening up. In 1979, shortly after our country adopted the reform and opening up policy, the Ministry of Power Industry and Guangdong Province worked out the plan for using foreign loans to build a power plant and then selling electricity to repay debts by making use of the favorable geographical conditions of Shenzhen, thus opening up a new road of using foreign funds to launch a large-scale infrastructural project in our country. The Daya Bay Nuclear Power Plant is the largest Chinese-foreign joint venture to be set up in our country recently. A modern enterprise management system was set up according to international practice, with the adoption of the general manager responsibility system under the leadership of the board of directors. Thus, enterprise operation was separated from government functions; responsibilities were clearly defined and assigned; and management was effected scientifically. In the process of building the nuclear power plant, the competition mechanism was introduced, and the tender invitation system was adopted. Thus, the outstanding

Chinese and foreign suppliers and construction enterprises were selected to participate in the power plant's design, construction, testing, and consulting services. The valuable point of the Daya Bay Nuclear Power Plant is not only the introduction of advanced foreign equipment and technology but also the adoption of the advanced foreign experience in organizing and managing a construction project, thus substantially enhancing our own level of modern construction.

The Daya Bay Nuclear Power Plant is a project always cared about and supported by the party central leadership and the State Council. The State Council held many meetings to discuss and assess this project. In 1985, when the joint venture contract of Guangdong Nuclear Power Corporation was signed, Comrade Deng Xiaoping personally received Lord Kadoorie, the joint venture's Hong Kong-side founder and chairman of China Light & Power Co., and expressed full affirmation and support for this new product of reform and opening up. Comrade Jiang Zemin was also deeply concerned about the nuclear power plant work and personally came to the site to give instructions. At crucial junctures, the central leading comrades personally attended to the project, which helped overcome difficulties in the process of construction and ensured the smooth development of the project. The Ministry of Power Industry, the Nuclear Industrial Corporation, Guangdong Province, and Shenzhen City also did a great deal of work to create conditions for the construction of the nuclear power plant, and gave effective support to the project. The Daya Bay Nuclear Power Plant is also a product of the policy for giving play to the initiative of both the central and local authorities. It should be pointed out that the French company, Famatong [3127 7456 6639], which supplied the nuclear-island equipment for the Daya Bay Nuclear Power Plant, the British company, General Power [tong yong dian qi 6639 3938 7193 3049], which supplied the conventional generator set, and the French Electric Power Company, which undertook the contracts of designing and testing the equipment, carried out effective cooperation with the Chinese design, construction, and testing institutions in the prolonged process of construction. We express heartfelt gratitude and respect for their cooperation.

At present, number one generator set of the Daya Bay Nuclear Power Plant has been put into commercial operation, and the testing of number two generator set is going on smoothly. The whole project is expected to be completed and put into operation within this year. It is hoped that the Chinese and foreign suppliers, contract undertakers, and all Chinese and foreign personnel on the construction side will, as usual, continue their efforts and continue to make contributions to the full completion of the nuclear power plant project in good quality and with high efficiency. We shall not only properly build such a modern nuclear power plant, but will also properly manage it. In a certain sense, it is even more difficult to manage it well than to build it well. Therefore, in the future operation of the nuclear power plant,

the entire personnel must always carry out the principle of "quality first, safety first," and perfectly ensure that electric power is unceasingly generated and supplied in a safe way and in good quality to Guangdong Province and the Hong Kong region, thus serving the economic prosperity in these areas.

Our country has a great demand for electric power, so when making great effort to develop thermal power and hydropower generation, we also need to appropriately develop nuclear power generation in suitable locations. The construction of the Daya Bay Nuclear Power Plant has provided successful experience for the development of the nuclear power industry in our country, and has also trained a large number of nuclear power experts. At the same time, favorable conditions for the second-phase project in the Daya Bay Nuclear Power Plant have also been created. At present, our nation is further comprehensively carrying out the spirit of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee, and is deepening the reforms and expanding opening. Foreign investment in China also keeps an upward momentum, as the investment environment is being continuously improved and the scope of investment is being broadened further. We welcome foreign companies to participate in our construction projects in the basic industries and in the field of infrastructural facilities, and warmly welcome friends from various countries to further the economic and technical cooperation in the field of nuclear power generation.

Now, I propose a toast to the completion and commercial operation of Number 1 generator set of the Daya Bay Nuclear Power Plant, to the friendly cooperation of Chinese and foreign constructors, and to our friendship!

Thank you very much!
5 February 1994

Revisits Zhuhai Juren Company

OW0702141394 Beijing XINHUA in English 1401
GMT 7 Feb 94

[Text] Zhuhai, February 7 (XINHUA)—Chinese Premier Li Peng has recently re-visited the Juren (Giant) Group in Zhuhai city in Guangdong Province on his way to cut the ribbon for the commercial operation of the Daya Bay Nuclear Power Plant.

The group, set up two years ago, is engaged in computer science, and has developed a dozen new products, including a computer worked by writing instead of by a keyboard.

It invested 50 million yuan in the construction of a software development center, the largest in the country.

The number of subsidiaries has grown from eight in 1992 to 38 in 1993.

Last year, its sale value reached 360 million yuan and its profits and taxes totalled 46 million yuan, respectively up by 125 percent and 31 percent over the previous year.

Premier Li Peng visited the group on January 6, 1993. He showed great interest in the research and development of the software for the computer worked by hand-writing.

He asked Shi Yuzhu, general manager of the group, to send a telegram if they succeed in the research.

In August 1993, Shi sent a telegram to the premier telling him that their research program had passed the technological test sponsored by Guangdong Province.

When Li Peng was at the company on February 2, Shi told the premier that his group was now working on a new software program for translating Chinese into English and vice versa.

The premier expressed his best wishes for the success of the group.

During his visit, Li Peng also talked with employees of the group and had a group photo taken with them.

Li Peng Stresses Need To Prevent Triad Society
HK0702032294 Hong Kong WEN WEI PO in Chinese
7 Feb 94 p A3

[Dispatch by staff reporter Chen Chien-ping (7115 1696 1627): "Li Peng Talks About Public Security Issue, Stressing That Triads Must Never Be Allowed To Grow in China"]

[Text] Beijing, 6 Feb (WEN WEI PO)—When discussing the issue of public security recently, State Council Premier Li Peng stressed: We must wipe out triad society whenever we find it and we should never allow triad society to grow in socialist China.

Authoritative sources cited Li Peng's speech at the national work meeting on politics and law: The central authorities are urging the departments of politics and law to study the history and conditions of the formation of triad society inside and outside China and to move to fight against it. Triad society is a major force of disruption—not only does it constitute an element hostile to social order on its own but it will also be able to collude with other hostile elements in the future. We must mobilize all social forces to nip every kind of triad society in the bud.

Deng Xiaoping To Spend New Year in Zhuhai
HK0502053094 Hong Kong LIEN HO PAO in Chinese
5 Feb 94 p 2

[By reporter Wang Man-no (3769 2581 1226): "It Is Said That Deng Xiaoping Will Pass Lunar New Year in Zhuhai"]

[Text] An informed source in Zhuhai told this reporter that mainland China's supreme leader Deng Xiaoping is planning a trip to Zhuhai on the eve of the Spring Festival and planning to pass the Lunar New Year there. State Council Premier Li Peng has just had a vacation in Zhuhai and took the opportunity to inspect some large capital construction projects there.

The informed source revealed that State Council Premier Li Peng's current southern tour is basically a winter vacation, and he is to carry out an inspection tour of the developing urban economy of the Zhu Jiang Delta in Guangdong in passing. Li Peng spent seven days in Zhuhai this time, the longest stay in a single place in his southern tour itinerary. While vacationing, he visited some large capital construction projects in Zhuhai. Endorsing Zhuhai's plan to build the Lingdingyang Bridge, which will link the city with Tuen Mun, Hong Kong, Li Peng urged Zhuhai to speed up the construction of the project.

The informed source said several central leaders will take vacations in Zhuhai this year since it is quite cold in Beijing during winter. As the weather is fine in Zhuhai, the city is clean, and traffic and personnel control is easy here as a special economic zone, apart from Li Peng, who has just left Zhuhai after vacationing, Deng Xiaoping will also come to Zhuhai on the eve of the Spring Festival to pass the Lunar New Year here, and then return to Beijing after the Spring Festival.

Officials 'Ready To Entertain'

HK0602053494 Hong Kong LIEN HO PAO in Chinese
6 Feb 94 p 2

[Report: "Zhuhai Leading Officials Are Ready To Entertain Deng Xiaoping"]

[Text] This reporter has learned that Zhuhai City's leading officials have canceled their lunar New Year holidays and are ready to entertain Deng Xiaoping, even though Zhuhai Mayor Liang Guangda yesterday refused to confirm this newspaper's exclusive report that Deng Xiaoping was coming to Zhuhai to pass the lunar New Year.

During his southern tour in January of the year before last, Deng Xiaoping inspected Zhuhai and Shenzhen and made some important remarks, stressing that it was necessary for mainland China to continue with reform and opening up and develop its economy. Later, this brought about a nationwide tide of economic reform.

Although Zhuhai Mayor Liang Guangda refused to confirm to this reporter in Zhuhai yesterday the report on Deng Xiaoping's plan to visit southern China during the lunar New Year, he said that it would certainly be a blessing to reform, opening up, and economic development as a whole if Deng Xiaoping really does come.

In the meantime, Liang noted that several central leaders endorsed Zhuhai's development experience during their recent inspection tours of Zhuhai.

Zhu Rongji Visits Fujian's Haicang Investment Zone

Discusses Development

OW0602014394 Beijing XINHUA in English 0117 GMT 6 Feb 94

[Text] Fuzhou, February 6 (XINHUA)—Chinese Vice-Premier Zhu Rongji said the Haicang Investment Zone in Xiamen, Fujian Province, is now ready for all-round development.

During an inspection of the provincial capital of Fuzhou and Xiamen city from February 3 to 5, Zhu said the zone has made great progress in infrastructure construction since 1992.

"This has laid a sound foundation for the zone's future development and construction, as well as for Xiamen's further development," he told local officials.

As a pioneer in opening to the outside world, Fujian Province has undergone great changes and scored tremendous achievements in reforms and economic growth, he said.

While visiting the Taijiang farmers' market in Fuzhou, he praised Fujian Province for paying heed to the farming sector and vegetable production.

Prices have slipped back as a result of plentiful supplies of non-staple food, especially vegetables, to the satisfaction of consumers, he said.

"I think this will help create a relaxed environment for reforms and economic expansion in Fujian this year," said Zhu, who is also a Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee.

As a result of the taxation reform begun this year, about 28 percent of state-owned businesses have shouldered a slightly heavier tax burden, he told local government officials and business executives.

He also expressed the hope that these businesses will further improve management, cut back on expenses and lower production costs, rather than raise prices of their products.

While visiting the Haicang Investment Zone, the vice-premier extended Spring Festival greetings to all workers at construction sites.

Speaking of the zone's development in the next phase, he called for faster construction of a power plant, a coal terminal and other facilities and for efforts to further improve the investment environment.

Ends Inspection 5 Feb

HK0702090694 Hong Kong WEN WEI PO in Chinese 6 Feb 94 p a5

[By special reporter Huang Jo-hung (7806 5387 4767): "Zhu Rongji Winds up Inspection Tour in Haicang, Xiamen"]

[Text] Xiamen, 5 Feb (WEN WEI PO)—The senior officials of relevant departments of the State Council led by Zhu Rongji, member of the Standing Committee of the CPC Political Bureau and vice premier of the State Council, ended their two-day inspection activities in Xiamen and left the city this afternoon. The vice premier fully affirmed the achievements made in the Haicang Investment Zone's development and in the economic work of Xiamen. He stressed: It is necessary to handle the relationship between reform and stability well. The central authorities have urged grasping opportunity, deepening reform, opening wider, promoting development, and maintaining stability [zhuzhu jiyu, shenhua gaige, kuoda kaifang, cujin fazhan, baochi wending 2119 0145 2623 6657, 3234 0553 2395 7245, 2368 1129 7030 2397, 0191 6651 4099 1455, 0202 2170 4489 1353]. This constitutes the overall situation, and leaders at all levels must take it into account and safeguard it.

Among those who accompanied Vice Premier Zhu Rongji in inspecting Xiamen were He Chunlin, deputy secretary general of the State Council; Chen Jinhua, minister of the State Planning Commission; Wang Zhongyu, minister of the State Commission for Restructuring Economy; Gu Xiulian, minister of chemical industry; Yu Zhen, chairman of the China Light Industry Federation; Dai Xianglong, vice president of the People's Bank of China; Li Yanling, vice minister of finance; and Li Yizhong, vice president of the China National Petrochemical Corporation. Leaders of Fujian Province and relevant departments—such as Jia Qinglin, secretary of the provincial party committee and concurrently governor, and Wang Jianshuang, member of the standing committee of the provincial party committee and vice governor—accompanied the vice premier on his inspection tour.

During his stay in Xiamen, Vice Premier Zhu Rongji and his party went to Haicang to inspect the investment zone there in a selective way. The vice premier visited Haicang in March and July of 1992. During the current visit, he selectively inspected the projects under construction in the Haicang Investment Zone, such as the Gaoyu power station, the Xianglu polyester fiber textile project, the Xinyang industrial park, Haicang's new urban districts, the Haicang management committee, and the construction of infrastructure in Haicang. He listened to reports submitted by leaders of the management committee. Fully affirming the construction and development of the Haicang Investment Zone, the vice premier said: Compared with 1992, Haicang has undergone very great changes and has roughly met the need for infrastructure, including water and electricity supplies,

roads, and telecommunications. Haicang already has had the conditions for large-scale construction and development.

Vice Premier Zhu Rongji and his party also listened to the report submitted by Xiamen Mayor Hong Yongshi on his city's economic development last year, and had a discussion with leaders of relevant provincial and city departments on the question of tax reform. Fully affirming Xiamen's economic work, the vice premier said: I am very pleased that Xiamen's economy has developed rapidly and that the city has achieved very good results in its work.

Vice Premier Zhu Rongji pointed out: In 1994, we will continue to implement Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, as well as the spirit of the 14th CPC Congress and the Third Session of the 14th CPC Central Committee. Located along the coast, Fujian Province and Xiamen have the conditions for somewhat more rapid development. However, the rapid development we are discussing here means rapid development with efficiency. We must seek rapid development in line with the spirit of General Secretary Jiang Zemin's speeches. The vice premier also stressed: In considering problems, we must emancipate our minds and seek truth from facts. With encouragement, he said: The Xiamen Special Economic Zone has enormous strong points and a foundation for construction. Moreover, it is "small, but effective, and so has boundless prospects."

According to an analysis, in the days to come, Vice Premier Zhu Rongji will show more substantial concern for Haicang's further development and construction.

Chen Xitong Responds to NPC Deputies' Criticism

OW0702045594 Beijing China Radio International in Mandarin to Asia 0900 GMT 30 Jan 94

[From the "Report on Current Events" program]

[Text] Dear listeners: The Eighth Chinese National People's Congress [NPC] will hold its second full session in Beijing next March. To prepare for the session, some 120 deputies from Beijing and Tianjin began a 10-day inspection tour of Beijing Municipality on 19 January. During their inspection tour, the deputies gave their views and made many suggestions on various aspects of Beijing's urban construction, economic development, and social life.

The Beijing municipal government held a forum on 28 January, where principal municipal leaders heard the deputies' views and suggestions.

Qu Geping, chairman of the NPC Standing Committee Environmental Protection Committee, spoke about Beijing's urban plans and environmental protection. He said: Beijing is China's capital; it is also suffering from a

water shortage. In drawing up urban industrial development plans, anything that affects water resources and the air should be restricted, not only in the city proper but also in suburban districts and counties. After more than a decade of readjustment, enterprises with serious pollution problems have been moved out of the city. The municipal government has also adopted measures to reduce pollution, such as developing centralized heating and natural gas supply systems. However, there are still a few factories producing pollution in the city proper.

Qu Geping pointed out that the NPC is considering revising relevant laws and regulations to ban the use of raw coal, which produces heavy pollutants. He urged the municipality to take the lead in this regard.

Many deputies also spoke about commodity prices, an issue of great concern to ordinary Chinese citizens. Qin Zhongda, member of the NPC Standing Committee, said: Municipal leaders have been personally attending to work related to the supply of grain, edible oil, and other foodstuff. Departments responsible for commodity prices have also done a tremendous amount of work. With the approaching of the Spring Festival, a traditional Chinese holiday, the government has indicated that prices will be controlled during the holiday season. What will happen after the holiday season? He expressed confidence in the government to do a good job in this regard, but he also urged it to keep the size of price increases under control for a protracted period.

Other deputies also gave their views on issues of science and technology, education, and reduction of the peasants' burden.

At the forum, Chen Xitong, responsible person of the municipal government, thanked the deputies for giving their views and making suggestions. In response to the questions raised and criticism made by the deputies, he said: The municipal government will seriously study solutions and will see to it that everyone of the questions is answered. Taking the questions raised by the deputies seriously in order to resolve them is an important expression of socialist democracy.

Hu Jintao, Others Attend Tibet New Year Reception

OW0602141194 Beijing XINHUA in English 1405 GMT 6 Feb 94

[Text] Beijing, February 6 (XINHUA)—Hu Jintao, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC), today attended a reception in Beijing for the Tibetan lunar new year, which starts on February 11.

More than 300 Tibetans in Beijing attended the reception hosted by Nyima Cering, director of the Beijing Office of the People's Government of Tibet Autonomous Region.

Nyima Cering said that last year, directed by Deng Xiaoping's theory of building socialism with Chinese characteristics, Tibet achieved remarkable progress in all sectors including education, science and technology, transportation and tourism.

He noted that Tibet also witnessed economic development, political stability, social progress, unity between nationalities and improvement of people's living standards in the past year.

He said that the Tibetan regional government will continue its efforts in the construction of socialist Tibet on the basis of unity, prosperity and ethnic civilization.

Among those attending the reception were Wang Zhaoguo, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and head of the United Front Work Department of the CPC Central Committee, Zhao Puchu, vice-chairman of the CPPCC National Committee, Luo Gan, state councillor and secretary general of the State Council, Chen Kuiyuan, secretary of the Tibet regional party committee, and Raidi, chairman of the Standing Committee of the Tibetan regional peoples' congress.

Profile of Foreign Ministry Spokesman Wu Jianmin

HK0402024694 Beijing ZHONGGUO XINWEN SHE
in Chinese 0903 GMT 31 Jan 94

[Text] Beijing, 31 Jan (ZHONGGUO XINWEN SHE)—An article in the 87th edition of ZHONGHUA YINGCAI [CHINESE TALENT] bimonthly, due out tomorrow, reveals for the first time the life story and family background of Wu Jianmin, the ninth spokesman of the Chinese Ministry of Foreign Affairs.

Born in 1939 in Chongqing, Sichuan, Wu was the son of a driver. He moved to Nanjing with the family. His mother was a housewife all her life, raising all of her eight children with her own hands.

After graduating from Nanjing No. 2 secondary school in 1955, Wu enrolled in the French Department of the Beijing Institute of Foreign Languages, and was sent to Budapest by the Communist Youth League Central Committee in 1961 as a French interpreter for China's resident delegates at the World Youth Federation of Democracy. He returned to the country in 1965.

Wu Jianmin spent one third of his more than 30-year diplomatic career at the UN Headquarters in New York. Twice he worked with China's permanent UN delegation, first in the early seventies as the official in charge of the Middle East and southern Africa affairs. During this period he was promoted from 3d secretary to 2d secretary. When the UN Assembly was in session, Wu would represent China in various political panel discussions. The second time was in the mid eighties, when he worked as a political affairs attache.

In 1979, Wu Jianmin was transferred to the Chinese People's Institute of Foreign Affairs to take charge of its European affairs. His main duty, however, was in protocol work. Four years later he returned to the Ministry of Foreign Affairs to work at its political studies section.

His first "exposure" to the world occurred on 21 March 1991 at a Ministry of Foreign Affairs' routine weekly press conference at the Beijing International Club. In the ensuing two and a half years, until 21 October 1993, he presided over 122 press conferences.

Wu said being a spokesman was a "most challenging job." "Each time he felt the enormous weight of responsibility," "for sitting there on the podium represents the interests of our country and countrymen." That is why each time he was "very careful and serious, as if walking on thin ice..." People close to Wu from the diplomatic circles described him as being able to conduct himself very well at live press conferences, quick in mind, and fast in reaction. Many foreign reporters give him a thumbs-up for his brilliant performance. But Wu said: "I have never been totally satisfied with any of my press conferences. I always feel there is something to improve on."

Shi Yanhua, Wu Jianmin's wife, is now head of the Foreign Affairs Ministry Translation Department. She graduated from the English Department of the Beijing Institute of Foreign Languages and was assigned to work at the Foreign Affairs Ministry Education Office. In her 15-year career as a translator, Shi participated in many party and state leaders' meetings with foreign guests, and attended many important international conferences as a member of the entourages of Deng Xiaoping, Li Xian-nian, and others during their visits. From the late seventies and early eighties, Shi was the translator for Deng Xiaoping in all his meetings with U.S. officials and political leaders.

Wu Jianmin and Shi Yanhua have a daughter, who graduated from the Beijing Economics and Trade University and is working.

State Plans To Reform County-Level Governments

HK0302083894 Beijing CHINA DAILY in English 3
Feb 94 p 1

[By Sun Shangwu: "Local Government Reforms Planned"]

[Text] A pilot project for local government reform in the countryside is planned by the government.

Some 13 counties will take part in the first stage, according to official sources.

And a restructured social security system will be set up for farmers.

The pilot scheme will make the selected county administrations responsible for reforming the ways the State property rights are used.

It is hoped the project will eventually extend to the more than 2,000 counties in China, said the official from the State Commission for Restructuring the Economic System (SCRES). "Enterprises run by local authorities will be required to go further than large and medium-sized State firm so far have in the opening up of property rights," the official said.

A working committee will be established to guide the reform of the pilot project counties. It will consist of SCRES and provincial and prefecture government officials.

If the county reforms are successful, they will provide a working model for the larger and more intractable rural and urban administrations.

Restrictions on the transfer of ownership will have to be abolished by the pilot counties. And State, collective and private enterprises will be encouraged to work together to develop industry and commerce in the pilot areas.

The counties to be chosen all have economic reform experience.

The working committee overseeing the project will provide specialist advice and help solve problems emerging from the local reforms.

But local leaders will have to provide much of the impetus themselves, the commission said.

The project's success will depend upon sound administration and economic development across the pilot areas. And the different counties will have to map out their own reform plans in line with local conditions and not blindly imitate others.

About 350 counties have previously been chosen by provincial governments across the country to take part in pilot reforms.

There are about 2,100 counties in China and one third of them are seen as "poverty counties".

Amnesty Says 11 Tibetan Nuns Sentenced to Prison

HK0502062294 Hong Kong RTHK Radio 4 in English 0500 GMT 5 Feb 94

[From the "News at One" program]

[Text] A human rights group says China has sentenced 11 Tibetan Buddhist nuns to between two and seven years in prison. Amnesty International says the nuns were arrested last June and jailed for allegedly taking part in an anti-Chinese demonstration.

Amnesty urged concerned people to write to the Tibetan Regional Government, asking for clarification of the case. Last month, another human rights group, the Tibet Information Network, said the Chinese authorities had stepped efforts to halt political activism among Buddhist nuns.

Yunnan, Guangxi Commended for Antismuggling Work

HK0302115694 Beijing GUANGMING RIBAO in Chinese 25 Jan 94 p 4

[Report by correspondent Xu Ye (1776 0396): "Yunnan, Guangxi Make Outstanding Achievements in Seizing Guns and Drugs"]

[Text] Kunming, 24 January (GUANGMING RIBAO)—This reporter has learned from today's commendation meeting on struggles against the smuggling of guns and drugs called by the Yunnan Frontier Defense Forces of the Armed Police, that Minister of Public Security Tao Siju recently signed a citation to cite both the Yunnan and Guangxi Frontier Defense Headquarters for their remarkable results in struggles against the smuggling of guns and drugs. The two frontier defense headquarters each gained a Collective Award of Merit.

Both Yunnan and Guangxi are located on China's southwestern border, facing a border line as long as nearly 5,000 km. Lawbreakers both inside and outside the country run rampant in these areas, engaging in the smuggling and trafficking of guns and drugs. In the wake of a work conference on struggles against the smuggling of guns and drugs, which was called by the Ministry of Public Security in June 1993, the public security and frontier defense forces in both Yunnan and Guangxi have carried out special-purpose campaigns against the smuggling of guns and drugs in an extensive and thoroughgoing way. Officers and men of the armed police have overcome numerous difficulties, carried out hard struggles, and attained remarkable results. According to a briefing, the Yunnan Frontier Defense Headquarters has cracked a total of 218 gun-smuggling cases and seized 119 military guns, 3,582 grenades, and 4,605 bullets, and cleared up 596 drug-trafficking cases and seized 427.477 kg of heroin and 283.77 kg of opium. The Guangxi Frontier Defense Headquarters solved a total of 100 gun-smuggling cases and captured 208 military guns, 148 grenades, and 5,722 bullets, and cracked 39 drug-trafficking cases and seized 4.849 kg of heroin and 64.537 kg of opium.

Military

Zhang Wannian Addresses 'Army Level' Cadres

OW0502172894 Beijing XINHUA Domestic Service in Chinese 1037 GMT 3 Feb 94

[By RENMIN RIBAO reporter Jia Zhaoquan (6328 2507 0356) and XINHUA reporter Ma Xiaochun (7456 2556 2504)]

[Text] Beijing, 3 Feb (XINHUA)—Speaking at a meeting of cadres at and above the army level in the General Staff Department yesterday, Zhang Wannian, member of the Central Military Commission and chief of general staff, emphasized: Leading cadres should set a good example in implementing Comrade Deng Xiaoping's theory on

building socialism with Chinese characteristic and his concept of army building in the new period, and work conscientiously and with one heart in continuing to vigorously promote army building and reform and successfully complete various tasks.

Setting the requirements for military affairs in the coming year, Zhang Wannian said: This year will be a crucial year for reform, opening up, and economic construction in China. The development of the situation demands that we further promote army building and reform, and raise the troops' combat capability in an all-round manner so as to provide a solid and powerful security guarantee for the country's reform, opening up, and modernization drive. In the coming year, we should persist in taking Deng Xiaoping's theory of building socialism with Chinese characteristics and his concept of army building in the new period as our basic guidelines; earnestly implement the guidelines of the Third Plenary Session of the 14th CPC Central Committee; further intensify army building in accordance with the general requirement of "being qualified politically and competent militarily, having a good work style, maintaining strict discipline, and being assured of adequate logistic support" set by Jiang Zemin; make the study of Volume 3 of the *Selected Works of Deng Xiaoping* the first and most important task; and use the theory of building socialism with Chinese characteristics to arm the minds of all officers and men. We should continue to apply the principles of military strategy in the new period to obtain a comprehensive understanding of the work situation related to the army; and enhance the political awareness of the party commanding the gun, the awareness of the importance of being good at the strategy of making overall planning, the awareness of our profound responsibility toward state security and army building, and the awareness of being a role model in setting strict demands on ourselves, thereby raising the ideological awareness and military competence of the vast officers and men in the long run. We should reinforce the quality of the rank-and-file cadres, especially leaders at all levels; pay keen attention to the implementation of the "Outline for Grass-Roots Construction in the Army" re-issued by the Central Military Commission; and take new strides and score fresh achievements in improving party work style and promoting clean administration and socialist spiritual civilization in the coming year.

CPC Reportedly To Prohibit Military Businesses
HK0702011394 Hong Kong TANGTAL in Chinese No 35, 15 Feb 94 pp 14-15

[By Lu Yu-shan (7627 6276 2619): "CPC Prohibits Armed Forces From Engaging in Business"]

[Text] Since the CPC took control of China, one of the most important principles it has always maintained is to keep the armed forces under the party's absolute control. When facing the challenge of the market economy, can this principle still be maintained? This has become a question concerning the CPC leaders. History has

repeatedly proved that as long as the armed forces are being effectively control, the whole country will be kept under good control. Therefore, the CPC has long made good preparations for this, and other people do not need to worry. The CPC has worked out a series of counter-measures to ensure that the armed forces will not be affected by the torrents of the market economy, and the purity of the armed forces will be conscientiously maintained.

According sources from Zhongnanhai, the CPC authorities will soon adopt two important measures for the purpose of controlling the armed forces. One is to prohibit the armed forces from engaging in business activities, and the other is to substantially increase the military expenses this year in order to boost the morale of the troops.

Both measures are serious matters. If they are not arranged and carried out carefully, they may not achieve the expected results and may end up with a fiasco. First, the armed forces have developed into a gigantic economic entity in recent years, and have become the third largest foreign exchange earner in China (including the export of armaments). Although a large part of such foreign exchange income was handed over to the central authorities, the armed forces still gained political credit for such contributions. However, the economic benefit was a strong magnet for military personnel, who are living in difficult conditions. In the previous years, the central authorities could not allocate substantial amounts of money to support the armed forces, and the military units were allowed to engage in profit-seeking business activities. The vested business interests of the armed forces have become a fait accompli, so the central authorities can no longer turn a blind eye to it.

However, while engaging in business activities, the armed forces also found that its combat strength declined. Moreover, the central authorities decided to further reduce the size of the troops from some 3 million people to 2.5 million people (but the pace of disarmament will not be too quick). Thus, the combat strength of the armed forces will become more questionable. In addition, as the armed forces are involved in economic activities, there are increasing opportunities for their cooperation with local governments, and this may enable them to form a certain type of alliance against the central authorities. This will be very unfavorable to the central authorities. Therefore, the central leadership must do something to remove such hidden perils.

Through consideration and after consulting major military leaders, the CPC central leadership decided to "again focus the efforts of the armed forces on national defense construction by adopting some orderly steps." To put it more plainly, that is to prohibit the armed forces from engaging in business activities.

Recently, when talking about government work, Jiang Zemin, CPC Central Military Commission Chairman, and State Council Premier Li Peng announced this

intention by saying that "the central leadership has decided to stop the production and business activities undertaken by the armed forces, and transfer all the enterprises run by military units to local civilian institutions." This decision will produce a major impact. Will the military units which are making handsome profits obediently give up their money-making means? What financial resources will be used to support the armed forces then? And will this change the relationship between the armed forces and the central authorities?

It is learned that the central authorities will adopt three measures to solve these questions. First, personnel affairs related to enterprises currently run by the armed forces should be properly arranged so that they may officially be separated from the military establishment and the enterprises can be turned into independent legal persons. The enterprises originally run by the armed forces will be turned into state-owned enterprises run by demobilized soldiers as representatives of the legal person appointed by the state, and the state will protect their gains and interests.

Second, the state will increase the military budget and ensure that the living conditions of military personnel will be improved. Jiang Zemin and Li Peng both said: "Military funds must be allocated to the armed forces, which should depend on the state's allocations. As the commodity economy is being developed in the whole country, people have improved their livelihood but the troops still live in rather difficult conditions. This may affect the work of the armed forces. Then what should be done? After the enterprises run by the armed forces are taken over by the state, the central authorities will increase the appropriations to the armed forces. As the armed forces are carrying out the mission of defending the motherland, funds must be allocated to them." Therefore, at the forthcoming Second Session of the Eighth National People's Congress, it is certain that the military budget will be directly and indirectly increased by a big margin. Last year, military expenditure increased by 14 percent over the previous year, and this marked the most prominent increase among all budget items. It is expected that this year, the military budget will be increased by at least 10 percent.

The third measure is to convince military leaders (especially those at advanced ages) and solicit their endorsement and support. In the past, in addition to stressing military modernization, they always stressed the need to maintain the quality of the armed forces. In general, the old guard, being different from the younger officers, tend to accept the opinion of the central leadership on giving consideration to overall interests. It is learned that the two vice chairmen of the Central Military Commission, Liu Huaqing and Zhang Zhen, have agreed in principle to shift the enterprises run by the armed forces to the state. However, they held that this matter must be handled prudently and properly.

If the enterprises run by the armed forces are actually separated from the armed forces, this will promote the

process of turning the armed forces into the hands of the state. However, in the eyes of the CPC, the most important purpose of this change is to ensure that the armed forces will have to rely on the state's financial support (and the state is also the party). Eventually, the armed forces will remain subject to the party's absolute control. This will prevent the armed forces from possessing their own financial sources and thus becoming independent from the party's control. That is, this will prevent a tendency towards independence in the armed forces.

Army Propaganda Chief Urges Studying Deng's Works

HK0702074694 Beijing JIEFANGJUN BAO in Chinese
30 Jan 94 p 1

[By reporter Tang Pingyue (0781 1627 1471): "At an All-Army Meeting, PLA General Political Department Director Yu Yongbo Urges Conscientiously Implementing General Secretary Jiang's Report and Thoroughly Studying the *Selected Works of Deng Xiaoping*"]

[Text] Beijing, 29 Jan (JIEFANGJUN BAO)—At the All-Army Conference of Propaganda Chiefs held this afternoon, Yu Yongbo, director of the General Political Department of the People's Liberation Army (PLA), stressed that the most fundamental and important task for implementing General Secretary Jiang Zemin's report and the National Propaganda and Ideological Work Conference is to focus attention on studying Deng Xiaoping's theory of building socialism with Chinese characteristics and profoundly studying Volume 3 of the *Selected Works of Deng Xiaoping*.

Yu Yongbo said that the current National Propaganda and Ideological Work Conference is an important meeting of overall significance held by the CPC Central Committee at the crucial period when China is establishing a socialist market economic system and carrying out the socialist modernization program. It is the concrete embodiment of Deng Xiaoping's principle of doing two kinds of work simultaneously and attaching importance to both. It fully reflects the complete and accurate understanding and mastery of the party's basic line by the third generation of collective leadership with Comrade Jiang Zemin as the core. The implementation of the spirit of the conference will be of great significance to strengthening and improving propaganda and ideological work in the new situation and strengthening the building of socialist spiritual civilization and also be of far-reaching influence on China's reform, opening up, and the socialist modernization program.

Yu Yongbo pointed out: In light of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the spirit of the 14th party congress, and in view of the new problems and circumstances facing reform and opening up, particularly the establishment of a socialist market economic system, General Secretary Jiang Zemin, in his report delivered at the

conference, made comprehensive and profound expositions on the principles, fundamental tasks, and guiding ideology for propaganda and ideological work, which illuminated the direction for doing well propaganda and ideological work at present and for a period in the future and served as the ground for strengthening and improving Army ideological and political work. The party committees and political organs at all levels must earnestly study, understand, and resolutely implement them. In practical work, we must also implement the guiding important speeches made by Comrades Li Peng, Zhu Rongji, and Ding Guangen.

To implement General Secretary Jiang Zemin's report and the spirit of the current National Propaganda and Ideological Work Conference, Yu Yongbo emphasized, the most fundamental and important task is to pay attention to the study of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. The primary task of the whole Army's political work this year is to study well Volume 3 of the *Selected Works of Deng Xiaoping*. At the crucial period of reform, opening up, and establishing a socialist market economic system, the study of Deng's works is required for the Army to toe the CPC Central Committee's line ideologically, politically, and in action as well as to establish a powerful spiritual mainstay in the Army and fundamentally enhance unity and increase combat effectiveness. In accordance with the requirement of the Central Military Commission and the General Political Department, we stepped up the study of Volume 3 of the *Selected Works of Deng Xiaoping* at the previous stage and launched a new drive of study throughout the Army. It was indeed a good beginning. Through the implementation of the spirit of the National Propaganda and Ideological Work Conference, we should further increase our understanding of the importance of applying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to arm the mind of officers and men of the whole Army, and make the activities of studying Volume 3 of the *Selected Works of Deng Xiaoping* more profound, solid, and fruitful.

In the new situation, Yu Yongbo pointed out, it is the great historical responsibility of the comrades engaged in political work, particularly those engaged in propaganda work, to follow General Secretary Jiang's instructions, arm people with scientific theories, guide them with correct opinion, mold them with lofty spirit, and encourage them with outstanding works. Yu Yongbo made a three-point requirements for cadres of the whole Army engaged in propaganda work: First, step up self-study, which should be currently focused on studying well Volume 3 of the *Selected Works of Deng Xiaoping*. Second, cadres engaged in propaganda work should be good at making thorough investigation and study. Third, take an active part in central work and expand the sphere of education work.

At the conference, Xu Caihou, deputy director of the General Political Department, made specific proposals on studying General Secretary Jiang's important speech:

First, realize the historical responsibility of propaganda and ideological work from a high plane of the times and overall situation, brace up, and attain better achievements. Second, keep a firm grip of the fundamental principle of propaganda and ideological work and make strenuous efforts to implement the fundamental task of propaganda and ideological work. Third, carry out propaganda and ideological work closely around the Army's central task and offer ideological guarantee and spiritual motivation to the modernization program. Fourth, enhance political firmness and awareness and have a firm grasp of the correct ideological guidance for the media. Fifth, focus attention on training "people with lofty ideals, moral integrity, better education, and a sense of discipline" and further strengthen ideological and political work. Sixth, strengthen leadership over propaganda and ideological work and build up a contingent of propagandists who are political aware, professionally proficient, and honest and upright in their ways.

The current All-Army Conference of Propaganda Chiefs is a part of the National Propaganda and Ideological Work. We have listened to the important reports at the conference, held serious discussions in connection with the Army's reality, further realized our mission, and enhanced our confidence. Directors of the political departments under the major units of the troops garrisoned in Beijing were present at today's conference.

Major Military Regions See Personnel Changes

HK0402135894 Hong Kong LIEN HO PAO in Chinese
4 Feb 94 p 10

[By reporter Han Chien-hua (7281 0494 5478): "Li Laizhu Appointed Beijing Military Region Commander"]

[Text] Communist Chinese official sources confirmed yesterday that the post of Beijing Military Region commander had been taken over by Deputy Commander Li Laizhu. This personnel change in a major military region indicates that Communist China has quietly launched major personnel changes in local military commands in the wake of the Third Plenary Session of the 14th CPC Central Committee, held at the end of last year.

A few days ago, Li Laizhu accompanied Jiang Zemin, general secretary of the CPC Central Committee, on an inspection tour of Shanxi in his capacity as commander of Beijing Military Region. In its report, the official XINHUA News Agency has confirmed that former Beijing Military Region Commander Wang Chengbin has left office and his post has been taken by Deputy Commander Li Laizhu.

A Beijing source pointed out: The new wave of military personnel changes is the largest since the reorganization of major military region leadership in July 1990. In addition to making the ranks of officers younger in average age and raising their level of professional competence, it is chiefly aimed at consolidating Central Military Commission Chairman Jiang Zemin's status

among local army units. Last June, Jiang promoted seven senior generals at one go. In conjunction with the personnel changes in local military commands, this is aimed at maintaining stability in the post-Deng Xiaoping era and making prior arrangements.

It is pointed out that there have been high-level personnel changes in four military regions. These are:

—Beijing Military Region: Li Laizhu takes over from Wang Chengbin as commander;

—Shenyang Military Region: Political Commissar Song Keda no longer holds his post;

—Nanjing Military Region: Fang Zuqi takes over from Liu Anyuan as political commissar;

—Chengdu Military Region: Former Political Commissar Zhang Gong no longer holds his post, which reportedly is taken by Zhang Zhijian, deputy commander of Beijing Military Region.

Moreover, personnel reshuffles are also being conducted among leaders of the Navy and the Academy of Military Sciences.

Fujian Military Holds Spring Festival Party

HK0202145694 Fuzhou Fujian People's Radio Network in Mandarin 1100 GMT 29 Jan 94

[Text] Yesterday morning, the army, navy, air force, and armed police force units stationed in Fujian province jointly held a get-together to usher in the Spring Festival. During the get-together, leaders of the army, navy, air force, and armed police force units briefed each other on progress they had made in their work in the past year.

Last year, the army, navy, air force, and armed police force units followed the principle for army development set by General Secretary Jiang Zemin—politically up to standard, militarily qualified, fine work style, strict discipline, and efficient logistics service. They have carried forward the tradition handed over by Red Army veterans, worked together with one heart and one mind, and united with each other. They have performed outstandingly in fulfilling military training, building grass-roots organizations, safeguarding stability, fighting natural disasters, and carrying out relief operations. Their performance has been appreciated by Army headquarters.

Major General Ren Yonggui, member of the provincial party committee standing committee and commander of the provincial military district, addressed the get-together, airing his views on how to further carry forward the army's glorious tradition, build up the servicemen's good image, strengthen unity between the Army and the government and between the Army and the people, actively support local economic construction, and intensify and enhance national defense.

Guizhou Enterprises Integrate With Military Plants

OW0302140794 Beijing XINHUA in English 1348 GMT 3 Feb 94

[Text] Guiyang, February 3 (XINHUA)—The less developed rural enterprises in southwest China's Guizhou Province are taking active efforts to ally themselves with local military factories.

The 100 or so military enterprises were set up within the mountainous areas of Guizhou chiefly during the 1960s when China strengthened national defense. They are strong in technology, equipment and quality products.

Nowadays, these plants, which are turning out more and more civilian products, have to break through their high walls to meet with new demands in China's developing market economy. They need more land and labor and part of their civilian products have to get necessary spares locally.

Meanwhile, local rural people need technology and talented personnel to help them shake off poverty.

Seeing that local counties and military plants are complementary, officials helped to bridge the two by inviting leaders of the military plants to visit township and village enterprises.

As a result, 38 local counties have introduced funds, equipment and technology from the military plants. Some 130 integrated complexes have been set up to deal with the production of coal, phosphorus, lead, antimony, marble and tobacco with the help of military plants.

The complexes mainly produce necessary parts for refrigerators, motor vehicles, tractors and satellite ground receivers.

Last year, rural industries of the province turned out 10 billion yuan worth of products, a 30 percent increase over the previous year.

Hubei Officials Attend Military Spring Festival

HK0302134594 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 30 Jan 94

[Excerpts] The 1994 provincial Spring Festival meeting on supporting the Army and providing preferential treatment to families of soldiers and martyrs and supporting the government and cherishing the people opened in Wuchang's Heshan Hotel yesterday afternoon. Provincial party, government, and military leaders Guan Guangfu [provincial party secretary], Jia Zhijie [provincial governor], Hui Liangyu, Liu Guoyu, and others attended.

At the meeting, on behalf of the provincial party committee, provincial party Deputy Secretary and Governor Jia Zhijie expressed his Lunar New Year greetings to veteran Red Army soldiers, veteran generals, veteran cadres, officers and men of the People's Liberation Army

and armed police corps stationed in Hubei, militiamen and personnel of the reserve force, as well as demobilized soldiers.

After briefing the participants on last year's achievements, Jia Zhijie said: These achievements cannot be separated from the powerful support of the officers and men of the armed forces and armed police corps stationed in Hubei. [passage omitted] He stressed: Party, government, and military leaders at all levels should regard the two-support work as a strategic task in maintaining the country's prolonged stability and tranquility. Local party committees and governments at all levels should support construction in armed forces units and regard this as their unshirkable duty, and help resolve armed forces units' difficulties in armaments, training, national defense construction, and scientific research. [passage omitted]

At the meeting, Provincial Military District Commander Liu Guoyu thanked local party committees and governments at all levels in Hubei as well as the people throughout the province for their care, concern, and support for national defense construction. [passage omitted]

Liaoning Holds Army-Government Forum 3 Feb

SK0402061894 Shenyang Liaoning People's Radio
Network in Mandarin 2300 GMT 3 Feb 94

[Text] On the afternoon of 3 February in Shenyang, the provincial government and the Shenyang Military Region held an army-government forum. New and veteran army and provincial leaders happily gathered under the same roof to express their friendship, talk about the double-support campaign [for the government to support the army and the army to support the government], and jointly narrate the inseparable relationship between the army and the government and between the army and the people.

Present at the forum were Wang Ke, Li Xinliang, Zhao Xianshun, Shi Baoyuan, (Lu Zenhua), Ai Weiren, Zhou Wenyuan, (Huang Qianhong), Wu Jiamin, (Lu Zhi), (Gao Jiancheng), and (Yang Surong), leaders of the Shenyang Military Region, the Shenyang Air Force, the Liaoning Provincial Military District, and No. 8031 army unit; and some provincial leaders and veteran comrades, including Gu Jinchi, Yue Qifeng, Quan Shuren, Sun Qi, Cao Bochun, Wang Huaiyuan, Zhang Guoguang, Shang Wen, Li Guozhong, Xu Wencai, Wen Shizhen, Yu Junbo, Liu Zhenhua, Xiao Zuofu, Guo Feng, Dai Suli, Li Tao, Xu Shaofu, and Wang Guangzhong.

The forum was presided over by Wang Huaiyuan, deputy secretary of the provincial party committee. Xiao Zufu, standing committee member of the provincial party committee and vice governor of the provincial government, reported the province's double-support work.

He said: Last year, the province and the army persisted in the target of upgrading the social productive forces and the fighting force of the army, enthusiastically did solid work, and deeply and practically carried out their work. Thus, an unprecedented gratifying situation in the province's double-support work emerged. Five cities were commended as double-support model cities by the state and three cities, 25 counties, and 14 towns and townships were commended as double-support models by the province.

Li Xinliang, political commissar of the Shenyang Military Region; and Gu Jinchi, secretary of the provincial party committee, respectively made speeches at the forum.

They reviewed the gigantic achievements in economic construction and national defense construction made by the concerted efforts of the army and the government in the province during the last year.

They pledged that from now on, we should further strengthen the unity between the army and the government and between the army and the people, go all out to support the construction of the localities and the army, deeply conduct education on national defense, and make contributions to building the spiritual and material civilizations in the province.

Economic & Agricultural

Zhu Rongji Views Fujian's Reform

OW0702060694 Beijing XINHUA Domestic Service in
Chinese 0807 GMT 6 Feb 94

["Zhu Rongji Points Out During Inspection of Fujian: Fujian Has Created a Relaxed Environment for Reform; Haicang Is Now Equipped With the Conditions for All-Around Development"]

[Text] Fuzhou, 6 Feb (XINHUA)—Zhu Rongji, Standing Committee member of the CPC Central Committee Political Bureau and vice premier of the State Council, inspected Fuzhou and Xiamen from 3 to 5 February. While inspecting the Haicang project investment zone in Xiamen, the vice premier pointed out: Under the vigorous support of relevant State Council departments since 1990, especially since 1992, and through the efforts of the Fujian provincial and Xiamen city party and government leaders and the masses of people, the investment zone has made great progress in infrastructure construction. Equipped with essential roads, water and electricity supplies, and communications, the investment zone is now ready for all-around development. Great progress has also been made in leveling the requisitioned land inside the zone and constructing amenities outside it as well as other supporting facilities related to the zone. All of this has laid a sound foundation for the investment zone's future development and construction, as well as for Xiamen's further development.

After listening to briefings by officials of the Fujian provincial party committee and government, and the Fuzhou and Xiamen city party committees and governments, Zhu Rongji fully affirmed their achievements in recent years. He said: Guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and led by the party Central Committee with Comrade Jiang Zemin at the core, Fujian—the coastal pioneering province in opening to the outside world—has undergone tremendous changes and scored remarkable achievements in reform and economic development.

Accompanied by Jia Qinglin, provincial party secretary and governor, Zhu Rongji inspected the Taijiang farmers' market in Fuzhou, the largest farmers' market in the province. With great interest, he threaded his way through the crowd, frequently stopping at vegetable, fish, and rice stalls to inquire of their owners about supplies, purchase prices, sales, marketing prices, and income. After listening to the consumer response to market supplies, the vice premier expressed satisfaction with the market's large stocks and the stable prices of goods. He said: Fujian Province has attached great importance to and done a solid job in promoting agriculture and the vegetable basket project. Prices have slipped back as a result of plentiful supplies of nonstaple food, especially vegetables, to the satisfaction of consumers. Social stability has helped create a relaxed environment for reform and economic development this year.

While in Fujian, the vice premier held separate discussions on taxation reform with officials of industrial and business enterprises and tax offices in Fuzhou and Xiamen cities, and listened to their opinions attentively. The officials generally expressed understanding and support for the State Council's taxation reform program, and offered suggestions for solving problems in the course of implementation. After hearing a report by the Furi Company, Zhu Rongji praised it for not raising the marketing price of its products—television sets—despite a hike in the prices of imported raw materials, parts, and components caused by the increased tax base figure. He pointed out: As a result of the recent taxation reform, about 28 percent of state-owned businesses will shoulder a slightly heavier tax burden. It is hoped that to absorb the increased prices of raw materials, these businesses will further improve management, cut back on expenses, and lower production costs, rather than raise product prices which will trigger price rises of other commodities. What they do should be a credit, not a smear, to reform. In response to the Fujian Bulb Plant's report about some monopolizing businesses taking the opportunity of taxation reform to increase product prices while adding a 17 percent value-added tax based on the increased price, the vice premier immediately instructed the relevant department to conduct an investigation and duly handle any violation. He urged all State Council departments concerned to earnestly review progress in the taxation reform program since it was initiated a month ago; pay close attention to studying suggestions

and problems in general brought up at the discussions; and take action to improve and perfect the program in order to ensure the smooth progress of taxation reform.

During his inspection tour of the Haicang project investment zone, Zhu Rongji also called on cadres and workers who were still working industriously at the various construction sites prior to Spring Festival, to extend regards and New Year greetings to those remaining at their posts. A responsible person of the Haicang administrative committee gave Zhu Rongji a report, saying: Construction of some parts of the Haicang project has begun. Construction of the main body of the Xianglu Terylene Fiber Project, which is capable of manufacturing 180,000 metric tons of polyester products a year, has been largely completed, and installation of equipment will begin soon. At the same time, preparation work for the construction of other downstream projects, such as the PVC Tubing Plant, will also start soon. After listening to the report, Zhu Rongji said happily: The development and construction of the Haicang project investment zone have entered a new phase. This project will certainly push forward the development of Xiamen's economy.

Zhu Rongji put forward some important suggestions for the next-step development and construction of the Haicang project. He called for accelerating the construction of such infrastructure facilities as the Gaoyu Power Plant and the coal handling wharf, and for improving the investment environment. He also called for stepping up construction of the Xianglu Terylene Fiber Plant, which is under construction, and for making good preparations for installing the plant's equipment to complete the project and put it into operation according to schedule. At the same time, he also called for efforts to make preparations for construction of other projects related to the Haicang project to bring about a new situation regarding its development and construction.

Accompanying Zhu Rongji on the inspection tour were He Chunlin, Chen Jinhua, Wang Zongyu, Gu Xiulian, Yu Zhen, Dai Xianglong, Li Yanling, Li Yizhong, Pan Liansheng, and Zhang Xianghai, all responsible persons of the relevant departments under the State Council.

Bo Yibo Addresses Forum on Deng's Economic Ideas

OW0502020294 Beijing XINHUA Domestic Service in Chinese 1205 GMT 3 Feb 94

[By reporter Wu Jincai (0702 6930 2088)]

[Text] Beijing, 3 Feb (XINHUA)—Comrade Bo Yibo pointed out: A correct, comprehensive understanding of Deng Xiaoping's exposition on development speed and economic returns is essential to maintaining the sustained, rapid and healthy growth [chi xu kuai su jian kang fa zhan 2170 4958 1816 6643 0256 1660 4099 1455] of China's economy.

The organizing committee for "An In-Depth Look at Economic Returns in China" sponsored a "Forum on Deng Xiaoping's Ideas Concerning the Improvement of Economic Returns." In an impromptu speech at the forum, Honorary Chairman Bo Yibo said: The country's economy is now growing vigorously, while initial successes have been made in macroeconomic regulation and control. The situation is heartening. The whole nation, full of confidence, is trying hard to push China's economy to a new height by following the principle of seizing the current opportunity for development, deepening reform, opening wider to the outside world, promoting development, and maintaining stability. All of you present here today have charge of improving economic returns. As you are in this business, you must be soberly aware of the fact that low economic returns nationwide remain largely unchanged. For example, the composite index for industrial economic returns fell at the end of 1993. We must, in particular, watch out for the bad tendency arising in some localities toward blindly undertaking construction projects, overextending construction scale, blindly seeking development speed, and neglecting economic returns. The scale of fixed assets investment is so large as to exceed what China's financial capabilities can withstand. Regarding publicity on economic work, not enough attention has been given to highlighting the importance of improving economic returns. Under these circumstances, it is necessary to study in a comprehensive manner—and to unify our thinking on—Comrade Xiaoping's ideas on combining development speed with economic returns to make sure that high speed and high economic returns promote each other and help bring about the sustained, rapid, and healthy growth of China's economy.

Comrade Bo Yibo spoke of his understanding of Comrade Deng Xiaoping's exposition on the relationship between development speed and economic returns. Comrade Xiaoping's ideas of "development being the last word" and "being conducive to the three causes" [developing the productive forces of socialist society; increasing the overall strength of socialist society; and improving the people's living standard] are the operative ideas concerning pushing China's economy to a new height. Comrade Xiaoping pointed out: "If development is possible, we should not block the way. Localities with suitable conditions should carry out development as quickly as they can. As long as attention is paid to economic efficiency, product quality, and foreign economic exchange, we need not be worried about anything." He also said: "We must strive really hard to upgrade the economy to a new level every few years. We are, certainly, not encouraging unrealistic high growth rates. Rather, we should do solid work, stress economic returns, and bring about steady and well-balanced development." As far as I know, this has been Comrade Xiaoping's consistent idea. Over the past 10-plus years, he has repeatedly stressed this dialectical unity between development speed and high economic returns. We must try our best to achieve a relatively high growth rate. It is both possible and necessary for China to achieve an

annual growth rate of 8 to 9 percent in line with its economic strength, financial capabilities, and materials supply. We must combine development speed with economic returns, product quality, and market demand. A low development speed and underproduction will adversely affect the improvement of China's overall economic strength and living standards; we must not allow this to happen. Neither excessive stockpiles nor redundant construction should be tolerated. Inventories of industrial enterprises covered in government budgets amounted to 170 billion yuan at the end of last year. What a gargantuan figure this is! What does it signify? Comrades: Think about it!

In conclusion, Bo Yibo stressed: An organic combination of high speed with high economic returns serves as an "inevitable road" for us to achieve the strategy of modernizing China in three phases. This is not only an economic issue, but also a political one.

Also speaking at yesterday's forum were Wang Zhongyu, minister in charge of State Economics and Trade Commission; and Sun Shangqing, director of the Development Research Center of the State Council. They noted that in order to raise the nation's economy to a new height and improve its overall level, we must combine development speed with high economic returns. The fundamental way to improve economic returns lies in raising the technological level of enterprises and lowering production costs. Other speakers included Fan Jingyi, editor in chief of RENMIN RIBAO; Yang Weiguang, director of the China Central Television; Min Fanlu, deputy editor in chief of the XINHUA news agency; and Ai Feng, member of the Editorial Board of RENMIN RIBAO.

Li Peng Signs Income Tax Law Implementation

OW0202070694 Beijing XINHUA Domestic Service in Chinese 0258 GMT 29 Jan 94

[Text] Beijing, 29 Jan (XINHUA)—State Council Decree No. 142 of the People's Republic of China:

The "Regulations for Implementing the Personal Income Tax Law of the People's Republic of China" is hereby promulgated for enforcement starting from the date of promulgation.

[Signed] Premier Li Peng
[Dated] 28 January 1994

Reportage on, Reaction to Value-Added Land Tax

Evokes Strong Reactions

HK0302105294 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0827 GMT 1 Feb 94

["Special Feature" by Hong Fei (7703 7378)]

[Text] The levying of the value-added land tax by the Chinese Government beginning from 1 January this year has evoked strong repercussions among real estate circles

in Hong Kong and Taiwan. Some people pointed out that the tax rate is too high, it hits both speculators and honest businessmen, and if developers make no profits, they will be compelled to give up their development plans. In the middle of January, a Hong Kong delegation consisting of 30 people (including real estate businessmen, surveyors, lawyers, and accountants), went to Beijing to air their views and to ask the authorities not to go too far in levying the value-added land tax, but to ensure appropriate profits for honest Hong Kong developers.

According to the "Provisional Regulations on Value-Added Land Tax," anyone who transfers real estate and earns an income shall pay tax on the added value according to the regulations. The regulations state that four progressive rates shall be applied in levying the value-added land tax, including: 1) A rate of 30 percent shall be levied on the amount of the increment value that does not exceed 50 percent of the total amount of deductions; 2) A rate of 40 percent shall be levied on the amount of the increment value that exceeds 50 percent but is lower than 100 percent of the total amount of deductions; 3) A rate of 50 percent shall be levied on the amount of the increment value that exceeds 100 percent but is less than 200 percent of the total amount of deductions; 4) A rate of 60 percent shall be levied on the amount of the increment value that exceeds 200 percent of the total amount of deductions.

According to reports, the aim of authorities in formulating the regulations on the value-added land tax is to standardize the business order of the land and real estate market, rationally readjust benefits from value-added land, and safeguard state rights and interests. It happened that the Constitution revised in 1986 states "the right to use land owned by the state can be transferred according to law," and that since foreign businessmen were allowed to develop and manage large stretches of land in 1990, the real estate business has developed vigorously in all provinces and municipalities on the mainland, large quantities of land have been approved for development, and the number of real estate development companies has increased to thousands upon thousands. Therefore, many undesirable practices have emerged. For example, local governments, in a bid to attract foreign land developers, compete with each other in lowering land prices, approve at random the establishment of development zones, and development companies which have bought large stretches of land have engaged in land speculation. At the same time, high-grade houses and houses to be sold abroad constitute a greater part of the structure of land investment. As a result, the development of real estate was not balanced and was partially out of control. For example, according to the national plan for 1992, 2 million mu of land should have been approved for development, but 3.6 million mu of land was actually approved, exceeding the target by 80 percent. The input of funds on a large scale into the real estate industry has also affected the development of the energy, communications, raw material, and other industries.

Mainland specialists pointed out that an important cause of the appearance of overheated real estate business is that the burden of tax on buying and selling land and real estate is on the light side. For example, foreign real estate companies only need to pay a three percent commodity house business tax and they reap substantial profits. Therefore, more and more foreign investors have invested in real estate.

The original intention of the Chinese Government in levying value-added land tax is to regulate and control the real estate market on the mainland in addition to increasing revenue from taxes. According to analysis by specialists, another purpose of increasing the value-added land tax is evidently to curb construction of excessively large quantities of garden villas, holiday resorts, and high-class apartments which have taken up a large amount of resources, which have not much to do with the ordinary people, and which do not have clear market prospects, and to guide the developers to make investment in the construction of common residential houses for domestic sales, which have a great market demand and are closely related to the people's living standard, and to make investment in power plants, highways, and other industries. This can be said to be a means of macro regulation and control.

However, because of a different considerations of interest, the increase in the value-added land tax on the mainland has evoked much dissatisfaction in Hong Kong and Taiwan. A real estate businessman said that in addition to paying 30 to 60 percent of value-added land tax according to the regulations on the mainland, it is necessary to pay 33 percent of profit tax for profits from selling houses. This means double taxation. According to this way of calculating taxes, the maximum amount of taxes to be paid for investment in real estates may reach 73 percent, and the minimum tax rate is also as high as 53 percent. Because investment risks and investment returns are out of proportion, some real estate developers may suspend their projects to avoid losses. Guangzhou Mayor Li Ziliu also pointed out that according to the method of calculation of the central authorities, the implementation of the new tax system will raise production costs of investment by 5 percent and lower profits by 30 percent. If this rate is put into practice, investors will not be able to make any profits. However, he pointed out that the added value tax is a kind of local tax and the local government can formulate detailed rules for implementation themselves. Guangzhou has its own standard in formulating the detailed rules. Therefore, he said that Guangzhou's investors may set their minds at rest. A director of the China Department of the Hong Kong Jones Lang & Wooten Consultants held that the levying of the value-added land tax on the mainland is mainly aimed at short-term speculators and its impact on the real estate market as a whole will not be too great. Some people expected that the temperature in real estate investment on the mainland this spring will fall, but in the latter half of the year, the real estate market will tend to become more vigorous again.

The number of transactions will be no fewer than that of the same period last year. The selling prices of various kinds of real estate will rise by 15 to 25 percent.

According to reports, the Chinese Government, in a bid to speed up the construction of residential houses for urban residents, is encouraging foreign businessmen to take part in plans for the development of inexpensive residential houses. Major Hong Kong financial groups have responded positively to this. The New World Development Company Ltd. and Cheung Kong (Holdings) Ltd. have already signed a letter of intent on the development of inexpensive houses. Various signs have indicated that China's real estate market has broad prospects and is still attracting Hong Kong businessmen's investment in development.

Finance Minister Comments

HK0302140494 Hong Kong WEN WEI PO in Chinese
2 Feb 94 p A3

[By trainee reporter Yang Fan (2799 1581): "Chinese Finance Minister on Value-Added Land Tax"]

[Text] Beijing, 1 Feb (WEN WEI PO)—Finance minister Liu Zhongli told reporters here today that the provisional regulations on levying a value-added land tax, as a law approved by the State Council, must be strictly enforced. The localities must comply with the regulations. The laws and regulations formulated by themselves without authorization are all null and void. In view of the proposals made by foreign investors, there will be some readjustment in the detailed rules for implementation to be promulgated very soon.

China's real estate developed rapidly last year and the year before, Liu Zhongli said, but the government failed to introduce effective tax categories. Now the State Council has approved the regulations on levying a value-added land tax. As a law, it must be enforced.

He clarified some misunderstanding. The value-added land tax is not merely levied on foreign businessmen because tax laws apply to both Chinese and foreign-funded enterprises and individuals. Liu said that the regulations are promulgated to crack down on speculation in real estate. Actually, the returns from real estate go as high as 30 to 40 percent.

Liu Zhongli said that he had heard opinions aired by foreign businessmen on the new regulations. He said that their opinions and proposals will be taken into account in the detailed rules for implementation to be promulgated soon.

The minister said that the detailed rules constitute a kind of tax law. One of the principles of tax reform is a fair tax burden and unification of tax laws. Liu said that he had not heard about the news of Guangzhou and Hainan promulgating their own sets of tax laws. If some localities have promulgated their own regulations on levying the value-added land tax, they will all be null and void.

Liu pointed out that the value-added land charges collected by Shenzhen and other localities in the past will automatically become void following promulgation of the new value-added land tax. All localities should abide by the unified tax system of the Finance Ministry. Despite the implementation of the new tax system, Liu said, preferential policies for the special economic regions will remain unchanged. The value-added land tax is the only thing which belongs to the state.

On the question of the impact of the new tax system on foreign investors, Liu Zhongli made an analysis of three aspects: First, in the value-added tax, foreign businessmen, who have signed contracts with China before 31 December 1993 and who have a tax burden, will only have to return the amount of taxes earned in the next five years. Second, company and enterprise income taxes have not increased or decreased, but domestic enterprises are drawing closer to foreign-funded ones. Third, the rate of personal income tax of 90 percent of the foreign staff dropped while only 10 percent rose, with the extent exceeding not more than 5 percent.

Guangdong States Policy

HK0702113094 Hong Kong MING PAO in Chinese 4
Feb 94 p A11

[Report by staff reporter Yang Liu (2799 2692): "Interviewing Yuan Zheng, Director of State Land Department, on Value-Added Land Tax"]

[Text] Yuan Zheng, director of Guangdong Province State Land Department, said that Guangdong Province will not be an exception and will implement the value-added land tax policy promulgated by the central authorities this year. However, they will continue to reflect to the central authorities the strong reactions of foreign businessmen.

During an interview with MING PAO yesterday, Yuan said frankly that they had recently heard quite a lot of strong views about the value-added land tax from foreign businessmen. However, the state is listening to views from various quarters and will soon publish detailed rules on the implementation of the value-added land tax. Therefore, before the rules are published, the Guangdong authorities concerned will accurately reflect the views of foreign businessmen to the central authorities.

He said that in the past, the local governments of some cities and counties in Guangdong Province had formulated their own regulations on levying value-added taxes on a trial basis. After the central authorities published regulations on levying a unified value-added tax, Guangdong of course will implement the regulations by the central authorities. However, he believes that the detailed rules on the implementation of the value-added land tax to be published by the central authorities will certainly have relatively great flexibility.

He said that the purpose of levying the value-added land tax is to crack down on land speculation. However, if the

first-hand land market is strictly controlled by the state and the management of the second-hand land market is strengthened, the practice of speculation can be curbed. At present, the fact that the practice of speculation has developed to a red-hot state is a problem whose origin lies in the lagging behind of the management of the second-hand market. For example, in some places, the work on large quantities of title deeds for houses is in arrears and this has provided loopholes of which speculators take advantage. Yuan also talked about the situation of approving land for development across Guangdong Province last year and this year. He said that this year, the amount of land to be used for various purposes in the whole province will be limited to 465,000 mu, of which land for real estate will total 116,000 mu, slightly less than the 136,000 mu of land for real estate last year.

Last year, the revenue from sales of land throughout the province was more than 8.6 billion yuan and in the previous year it was 9.4 billion yuan. This year, the sales of land are expected to bring in about 9 billion yuan to the provincial government treasury.

Yesterday, Yuan also gave a brief account of the situation of putting things in order in development zones across the province. During the peak period in 1993 there were as many as 315 development zones of various kinds across the provinces. After things have been put in order and rectified, only 53 development zones remain at present (approved by the State Council or the provincial government). Besides, 14 are being examined and verified. All the land in more than 200 development zones which do not have the necessary conditions has been taken back and the total amount of such land has reached 580,000 mu.

Article Views Separate Taxation Reform

HK0302134194 Beijing ZHONGGUO XINWEN SHE
in Chinese 0647 GMT 31 Jan 94

[By reporter Liu Hong (0491 4767)]

[Text] Beijing, 31 Jan (ZHONGGUO XINWEN SHE)—The reform of the separate taxation system, which is to be implemented from 1 January this year, indicates that China's financial reform has entered a new track of operation.

Undoubtedly, the purpose of introducing the separate taxation system is to establish a financial system suited to the market economic system and to arouse the enthusiasm of both the center and localities.

However, we cannot evade the reality that implementation of the separate taxation system will have both positive and negative effects. Bai Jingming, associate professor of the Financial Science Research Institute under the Finance Ministry and doctor of economics, said: The existing contract system implemented by localities has proved in practice to have more defects than

advantages. It has resulted in departmentalism and economic barriers erected between regions and has weakened the unity and complementarity of macroeconomic policies between central and local governments. But the separate taxation system can bring about the following benefits to economic development.

First, the separate taxation system will enable central revenue to become a steadily increasing mechanism and enhance the capability of macroeconomic regulation and control of the central government. Second, the separate taxation system will enable the government at all levels to show more concern for cultivating tax sources, consciously broaden sources of taxes within the scope permitted by law and policies, and not rely on tax exemptions to develop the economy. Third, the separate taxation system will speed up the establishment and perfection of China's financial budgetary system at all levels, enhance the budgetary binding mechanism, and gradually increase the efficiency of spending.

Dr Bai Jingming pointed out at the same time: Implementation of the separate taxation system in the early period is likely to yield the following negative effects:

First, the status quo of the interest structure remains unchanged during the initial stage of financial reform and no major changes will be effected in the behavior of local governments. However, the center will take over duties imposed on cigarette and liquor, which are high and profitable, a move which will easily dampen the enthusiasm of localities.

Second, if 1993 is taken as the base period for central finance to check and ratify local tax return, the sharp increase in the previous year will relatively slow down this year's tax revenue and increase pressure on the balance of this year's finance. If deficits grow for this reason, it will inevitably increase the issue of treasury bonds or even exert pressure on inflation.

Third, following implementation of the separate taxation system, local governments will vigorously work out measures to increase revenue and bargain with the central government on the establishment of the local taxation system. Meanwhile, as the existing separate taxation system has not yet smashed the structure which determines the distribution of income according to the relationships of administrative subordination, local governments will continue to adopt measures to protect local interests.

Fourth, following the exercise of financial management at different levels, the right to spending of local governments will increase. As a result, local finance will allocate funds to profitable trades and make less investment in infrastructure, education, and science and technology.

Fifth, as the separate taxation system has not touched the structure of regional distribution, the previous interests are still taken as the base figure of tax return. This results in uneven regional development. Hence, it will be

difficult to narrow the wide gap between the eastern and western regions within a short period.

Financial experts hold that ultimate implementation of financial reform will be an arduous course. To ensure that the reform will be introduced smoothly and not go out of shape, there are still great difficulties ahead. The separate taxation system is in fact a division of interests, which will bring about friction between the center and localities, if not properly handled. Hence, it is a pressing task at the moment to standardize and legalize the transfer payment system as quickly as possible. Moreover, we should establish the separate taxation system below the provincial level as early as possible to ensure the integrity of the system.

XINHUA Publishes Personal Tax Law Regulations

OW0402040394 Beijing XINHUA Domestic Service in Chinese 0820 GMT 29 Jan 94

["Regulations for Implementing the PRC Personal Income Tax Law"]

[Text] Beijing, 29 Jan (XINHUA)—Article 1. These regulations are drawn up in accordance with the "PRC Personal Income Tax Law" [hereafter referred to as tax law]

Article 2. Persons with domiciles in China mentioned in the first paragraph of Article 1 of the tax law refer to persons habitually residing in China because of household registration, families, and economic interests.

Article 3. Having lived in China for one full year, as mentioned in the first paragraph of Article 1 of the tax law, means having lived in China for 365 days during one tax year. Anyone who departs the country temporarily will not have the number of days of his departure deducted.

By departing the country temporarily as mentioned in the preceding paragraph, means a departure which does not exceed 30 days, or multiple departures which do not exceed 90 days, in one tax year.

Article 4. Incomes obtained in China and incomes obtained outside China mentioned in the first and second paragraphs of Article 1 of the tax law mean respectively income originating in China and income obtained in areas outside China.

Article 5. Incomes listed below are incomes originating in China, no matter whether or not they are paid in China:

(1) Incomes received from providing labor services through work, employment, and fulfillment of contracts in China;

(2) Incomes received from renting property for use by tenants in China;

(3) Incomes received from transferring the rights of using buildings or land in China, or from transferring other property in China;

(4) Incomes received from licensing the use of various forms of franchise in China; and

(5) Incomes received from interests, dividends, and bonuses paid by companies, enterprises, and other economic organizations in China.

Article 6. With approval from tax authorities, persons who do not have domiciles in China but who have lived in China for over one but less than five years may pay personal income taxes for the parts of incomes they have received from companies, enterprises, and other economic organizations in China; and persons who have lived in China for over five years shall, beginning with the sixth year, pay their personal income taxes for all of their incomes originating outside China.

Article 7. For persons who do not have domiciles in China but who have lived in China for not more than 90 days, either continuously or intermittently, their incomes originating in China but paid by their employers outside China and not expended by their employers' organizations or concerns in China, may be exempted from personal income tax.

Article 8. The scope of personal incomes mentioned in Article 2 of the tax law covers:

(1) Wages and salaries. This means wages, salaries, cash awards, yearend bonuses, dividends, allowances, and subsidies a person receives through work or employment, as well as other incomes relevant to his work and employment.

(2) Incomes from production or operations by independent businesses. They refer to:

1. Incomes from production or operations by independent business operators engaging in industrial production, handicraft manufacturing, construction, communications and transportation services, commercial undertakings, food and drink services, labor services, repair services, and other production and commercial undertakings;

2. Incomes received from educational, medical, consultative, and other compensatory services approved and licensed by relevant government authorities;

3. Other incomes which independent business operators have received from production and business operations; and

4. Other taxable incomes relevant to production and operations received by the aforementioned independent business operators.

(3) Incomes which enterprises and establishments have received from contractual or leasing operations refer to

incomes which individuals have received through contractual or leasing operations, as well as incomes which they have received through subcontracting or subleasing businesses, including the wage- or salary-type incomes received on a monthly or time basis.

(4) Labor remuneration incomes refer to personal incomes derived from services rendered in design, decoration, installation, charting, laboratory test, test and trial, medical treatment, law, accountancy, consultation, academical lecture, journalism, broadcasting, translation, manuscript review, calligraphy and painting, sculpture, movie and television, sound recording, video recording, performance, show, advertising, exhibition, technical service, introduction service, brokering service, agency service, and other labor services.

(5) Author's remuneration incomes refer to personal incomes derived from publication of works in books, newspapers, and magazines.

(6) Incomes from use of special rights refer to personal incomes derived from authorized use of patent rights, trademarks, copyrights, nonpatented technologies, and other special rights; incomes derived from authorized use of copyrights shall exclude author's remuneration incomes.

(7) Interest, dividend, and bonus incomes refer to personal incomes derived from interests, dividends, and bonuses received as creditors or stockholders.

(8) Property lease incomes refer to personal incomes derived from leasing buildings, land-use rights, machinery installations, vehicles, vessels, and other properties.

(9) Property transfer incomes refer to personal incomes derived from transfer of negotiable securities, stocks, buildings, land-use rights, machinery installations, vehicles, vessels, and other properties.

(10) Fortuitous incomes refers to incomes derived from the winning of awards, prizes, lotteries, and other unexpected incomes.

Personal incomes with difficulties in taxable incomes classification shall be referred to the responsible tax organ for decision.

Article 9. Procedures for taxing personal incomes derived from stock transfers shall be separately formulated by the Ministry of Finance to be submitted to the State Council for approval and implementation.

Article 10. Taxable personal incomes shall include cash, material objects, and negotiable securities. Calculation of the amount of taxable incomes obtained in the form of material objects shall be based on prices stated in evidence of acquisition. For cases where material objects are acquired without evidence or prices stated in evidence of acquisition are exceptionally low, the responsible tax organ shall appraise and decide the amount of taxable incomes with reference to local market price.

The amount of taxable incomes obtained in the form of negotiable securities shall be appraised and decided by the responsible tax organ in accordance with their face value and market price.

Article 11. Abnormally high one-time income from labor services offered, as stated in Clause (4) of Article 3 of the tax law, refers to one-time labor services remunerations received by an individual with amount of taxable incomes exceeding 20,000 yuan.

With reference to the preceding clause, an additional 50 percent tax shall be levied on the portion between 20,000 and 50,000 yuan after being taxed under the provisions of the tax law; and an additional 100 percent for the portion beyond 50,000 yuan.

Article 12. Interests from state bonds, as stated in Clause (2) of Article 4 of the tax law, refer to interest incomes earned by individuals as holders of bonds issued by the PRC Finance Ministry; and interests from state-issued financial saving bonds refer to interests earned by individuals as holders of financial bonds issued with the approval of the State Council.

Article 13. Subsidies and allowances paid in accordance with uniform state stipulations, as stated in Clause (3) of Article 4 of the tax law, refer to special government allowances issued according to State Council stipulations, and subsidies and allowances designated by the State Council to be exempted from personal income tax.

Article 14. Welfare benefits, as stated in Clause (4) of Article 4 of the Tax Law, refer to subsistence allowances paid to individuals from the welfare funds retained by enterprises, institutions, state organs, and social organizations, or from the trade union funds in accordance with relevant state stipulations; and relief payments refer to subsistence allowances paid by the state civil affairs departments to individuals experiencing hardship.

Article 15. The term "incomes of diplomatic representatives, consular officials, and other personnel of foreign embassies and consulates in China which are to be exempted from personal income taxes in accordance with the provisions of Chinese laws," as used in Paragraph 8, Article 4 of the tax law, refers to incomes to be exempted from personal income taxes in accordance with the provisions of the "Regulations of the People's Republic of China on Diplomatic Privileges and Immunities" and the "Regulations of the People's Republic of China on Consular Privileges and Immunities."

Article 16. Regarding reduction on personal income tax stipulated in Article 5 of the tax law, the size and duration of the reduction shall be stipulated by the provincial, autonomous regional, and municipal people's governments.

Article 17. The terms "costs and expenses" used in Section 2, Paragraph 1, Article 6 of the tax law refer to various direct expenditures incurred by taxpayers in

carrying out production and business operations; indirect expenditures added to the cost; as well as sales, management, and finance expenditures. The term "losses" refers to expenditures other than those incurred by taxpayers in the production and operation process.

If the amount of taxable income cannot be accurately calculated on account of the failure of the taxpayer engaged in production and business operations to submit comprehensive, accurate tax information, the amount of the taxable income shall be determined by the agency in charge of tax affairs.

Article 18. The term "total income in a fiscal year" used in Section 3, Paragraph 1, Article 6 of the tax law refers to income of business profits received from contracted or leased operations as well as wages and salaries. The term "deducting essential expenses" refers to the monthly deduction of 800 yuan.

Article 19. The term "original value of property" used in Section 5, Paragraph 1, Article 6 of the tax law refers to:

- (1) Purchase price and relevant expenses paid at the time of purchase in accordance with the regulations, in the case of negotiable securities;
- (2) The cost of construction or the purchase price and relevant expenses, in the case of buildings;
- (3) The amount of payment made in obtaining land use right, the cost of land development, and other relevant expenses, in the case of land use rights;
- (4) The purchase price, transportation cost, installation cost, and other relevant expenses, in the case of machinery, equipment, vehicles, and ships;
- (5) The original value is to be determined with reference to methods described in the preceding sections in the case of other properties;

If the original value of property cannot be accurately calculated on account of the failure of the taxpayer to submit comprehensive, accurate proof of the original value, it shall be determined by the agency in charge of tax affairs.

Article 20. The term "justifiable expenses" used in Section 5, Paragraph 1, Article 6 of the tax law refers to relevant payments made in the sale of property in accordance with the regulations.

Article 21. The term "each receipt" used in Sections 4 and 6, Paragraph 4, Article 6 of the tax law refers to:

- (1) One-time lump-sum payment received, in the case of remuneration for labor services rendered; or a series of payments received in a single month for the same labor services rendered;
- (2) Payment received for each publication, in the case of author's remuneration.

(3) Payment received for each royalty used, in the case of income from royalty;

(4) Payment received within a single month, in the case of property rental or lease income;

(5) Payment received at the time interests, dividends, and extra-dividends are dispersed, in the case of income from interests, dividends, and extra-dividends;

(6) Income received each time, in the case of incidental income.

Article 22. Tax on income from the transfer of property shall be calculated on the basis of income received from the transfer after deducting the original value and justifiable expenses.

Article 23. Where incomes are received jointly by two or more individuals, tax shall be calculated on the basis of the income received by each individual after deducting expenses in accordance with the provisions of the tax law.

Article 24. The term "individual donations to educational undertakings and other public welfare" used in Paragraph 2, Article 6 of the tax law refers to donations from an individual's income to educational and other public welfare undertakings as well as to serious disaster and poverty-stricken areas through social organizations inside China and through state organs.

The amount of donations may be deducted from a taxpayer's taxable income up to 30 percent of the declared taxable income.

Article 25. The term "income from wages and salaries earned outside China" used in Paragraph 3, Article 6 of the tax law refers to wage and salary income earned from jobs outside China.

Article 26. The term "additional deduction for expenses" used in Paragraph 3, Article 6 of the tax law refers to the deductions stipulated in Article 28 of this law in addition to the monthly deduction of 800 yuan.

Article 27. Additional expense deductions referred to in Paragraph 3, Article 6 of the tax law shall apply to the following personnel:

- (1) Foreign personnel working for foreign-invested or foreign-owned enterprises in China;
- (2) Foreign experts working for enterprises, institutions, social organizations, and state organs in China;
- (3) Individuals domiciled in China who earn wage or salary income from jobs outside China;
- (4) Other personnel determined by the Ministry of Finance.

Article 28. The standard expense deduction referred to in Paragraph 3, Article 6 of the tax law is 3,200 yuan.

Article 29. Income by overseas Chinese and Hong Kong, Macao, and Taiwan compatriots shall be handled with reference to the provisions of Articles 26, 27, and 28 of this law.

Article 30. Taxes shall be calculated separately for income earned inside and outside China by an individual who maintains residence in China or who does not maintain residence but has lived a full year in China.

Article 31. The term "the amount of personal income tax paid outside China" used in Article 7 of the tax law refers to the amount of taxes actually paid by taxpayer on income earned outside China, in accordance with the law of the country or region where the income originates.

Article 32. The term "tax calculated in accordance with the provisions of the tax law" used in Article 7 of the tax law refers to tax on income earned outside China calculated at the applicable rate after making deductions in accordance with the provisions of the tax law applicable to the country or region and the type of income; the amount of deductible shall not exceed the total amount of taxes on taxable incomes in that country or region.

Where the amount of personal income tax actually paid by taxpayer to a foreign country or region is less than the deductible calculated in accordance with the preceding paragraph, the taxpayer shall pay the difference in China. Where the amount of tax actually paid exceeds the deductible, the portion of tax paid above the deductible shall not be deducted from the tax payable in the current year; it may be deducted from the balances of the deductibles of subsequent years for a period of not over five years.

Article 33. In applying for deducting personal income tax paid outside China in accordance with Article 7 of the tax law, taxpayer shall submit original tax payment certificates issued by the tax affairs office outside China.

Article 34. When making income tax payments on behalf of individuals, withholding agents shall, in accordance with the stipulations of the tax law, deduct and pay on schedule the amounts of income tax payable, and keep special records for future reference.

The term "payments" used in the preceding paragraph refers to cash payments, remittances, account transfers, payments with negotiable securities, payments in kind, and other forms of payments.

Article 35. A taxpayer who files his own income tax returns shall report and pay income tax to the principal taxation office in the locality where he earns his incomes. A taxpayer may select a locality to report and pay income tax on incomes earned from outside China and incomes earned from two or more localities in China. A taxpayer who changes the locality for reporting and paying income tax shall obtain the approval of the original principal taxation office.

Article 36. When reporting and paying income tax, a taxpayer who files his own income tax returns shall be

allowed, in accordance with the stipulations, to deduct from the income tax payable the amount of tax withheld within China.

Article 37. A taxpayer who also earns his incomes specified in two or more categories listed under Article 2 of the tax law shall separately compute the income tax payable. Incomes earned from two or more localities in China that come under similar categories (1), (2), or (3) under Article 2 of the tax law shall be combined according to the respective categories for income tax computation.

Article 38. The term "specially designated professions" used in Paragraph 2, Article 9 of the tax law refers to mining, oceangoing transport, and deep-sea fishing industries as well as other professions determined by the Ministry of Finance.

Article 39. The term "computed annually and paid in advance monthly" used in Paragraph 2, Article 9 of the tax law refers to advance monthly payments of income tax payable on wages and salaries earned from specially designated professions listed under Article 38 of these regulations. Within 30 days from the end of the fiscal year, wages and salaries for the whole year shall be tallied, and the monthly average and actual income tax payable shall then be computed. Excess income tax paid shall be refunded while additional tax payable shall be collected.

Article 40. The term "income tax payable shall be paid to the Treasury by a taxpayer within 30 days after the end of the fiscal year" used in Paragraph 4, Article 9 of the tax law refers to the payment of income tax to the Treasury by a taxpayer within 30 days from the date of receipt of one-time income from contract and rental operations at the end of the year.

Article 41. In accordance with the stipulations of Article 10 of the tax law, incomes in foreign currencies shall be converted into Renminbi using foreign exchange rates announced by the People's Bank of China for the last day of the month preceding the issue of tax payment receipts. Income tax payable shall then be computed from the converted amount. In accordance with the stipulations of the tax law, after income tax on earnings in foreign currencies has been paid in advance monthly or in specified installments, fresh currency conversions shall not be computed for such earnings finalized after the end of the fiscal year. The portion of taxable earnings on which additional tax is payable shall be converted into renminbi based on foreign exchange rates announced by the People's Bank of China for the last day of the preceding taxpaying year. Income tax payable shall then be computed from the converted amount.

Article 42. When paying handling fees to a withholding agent in accordance with the stipulations of Article 11 of the tax law, a taxation office shall issue monthly notices

of income rebates to the withholding agent. The withholding agent shall proceed with the formality of getting his refunds with appointed banks with the income rebate notices.

Article 43. The types of individual income tax returns forms, report forms on withholding individual income tax, and income tax payment receipts shall be uniformly drawn up by the State General Administration of Taxation.

Article 44. The fiscal year for income tax payment referred to under the tax law and these regulations shall be from 1 January to 31 December of the Gregorian calendar.

Article 45. Beginning from the 1994 fiscal year, individual income tax shall be computed and paid in accordance with the stipulations of the tax law and these regulations.

Article 46. The Ministry of Finance and the State General Administration of Taxation shall be responsible for explaining these regulations.

Article 47. These regulations shall become effective on the date of their promulgation. The "Interim Provisions of the State Council of the People's Republic of China on the Reduction or Collection of Individual Income Tax on Wages and Salaries Earned by Foreign Personnel Working in China," promulgated by the State Council on 8 August 1987, are concurrently abolished.

Experts View Market Economic Structure

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[Report on interviews with He Guanghui, deputy director of the State Commission for Restructuring the Economy; Financial Minister Liu Zhongli; Zhou Zhengqing, deputy president of the People's Bank of China; Wu Yi, minister of Foreign Trade and Economic Cooperation; Chen Jinhua, deputy director of the State Planning Commission; and Wang Zhongyu, minister of the State Commission for Economy and Trade, by an unidentified LIAOWANG reporter "at the turn of the year"; place not given: "Plan for Building the Market Economic Structure"—first four paragraphs are LIAOWANG introduction]

[Text] The reform of China's economic structure, which started in 1978, has braved the wind and rain and unswervingly forged ahead for 15 years toward its market-oriented goal. Now we have entered the crucial period of changing from smashing the old system to the building of a new one.

When such a crucial reform will soon spread nationwide, the Third Plenary Session of the 14th CPC Central Committee, which is a great milestone, has outlined the framework, fighting objective, and overall blueprint of a new system for the people of the whole country and has

laid down the program for action to advance. The recent national economic work conference has also made specific arrangements for this year's reform tasks.

What action should be taken in the year designed to lay the foundation for constructing the building of the socialist market economy?

At the turn of the year, a LIAOWANG reporter interviewed He Guanghui, deputy director of the State Commission for Restructuring the Economy, in charge of the country's economic work; Financial Minister Liu Zhongli; Zhou Zhengqing, deputy president of the People's Bank of China; Wu Yi, minister of Foreign Trade and Economic Cooperation; Chen Jinhua, deputy director of the State Planning Commission; and Wang Zhongyu, minister of the State Commission for Economy and Trade, and asked the leaders of the six ministries to tell our readers about the plan for constructing the building of the market economic structure in 1994.

How To Reconstruct the Structure for State Enterprises

The establishment of a modern enterprise system is an essential link of economic structural reform as a whole. It also constitutes the main part of this year's reform of state enterprises.

The seven options for a system change.

How should a system change be effected in state enterprises? He Guanghui pointed out the following ways:

—Gradually introduce a reorganization of the company system first in the properly managed enterprises. A small number of large, efficient, profitable enterprises, which meet the industrial policies, can be directly reorganized into a state holding or shareholding company. Most of the competitive enterprises which conform to the industrial policies can be reorganized into limited liability companies funded by the state and other corporations. Enterprises of special trades can be reorganized into limited liability companies funded exclusively by the state.

—Enterprises with the proper conditions may establish shareholding limited companies or limited liability companies in cooperation with foreign firms. Foreign firms may make direct investment or become shareholders. The newly established joint enterprises should be operated in light of the new system.

—Further expand mergers and combinations between enterprises. In light of the varying conditions of enterprises, the means of offering capital, mergers, and partial takeovers may be adopted. If both parties are state enterprises, they may amalgamate without compensating each other, based on voluntariness and with the approval of the competent departments. Whatever form is applied, it is necessary to appropriately handle debts and settle down the staff members of the predecessor.

- State enterprises which have superior land resources, but which cannot be located in the urban areas, may become new enterprises with a new mechanism by undergoing removal transformation and shifting to the production of other products.
- Small state enterprises may undergo reform which integrates leasing and selling with contracted operations or practice the shareholding cooperation system. In selling, it is necessary to introduce the competition mechanism, and adopt the method of public bidding and auctions. Regarding those without proper conditions, they can only be sold on the basis of an agreement and the prices must be determined through a certain procedure. Those that can be sold once and for all can be leased first and sold later. In other words, the state can first collect the working capital, receive charges for the use of fixed assets, and then sell the fixed assets when the conditions are ripe.
- State enterprises which have been poorly managed for a long time, whose products are unsalable, whose assets cannot offset the debts, and which cannot be reorganized through other forms, should go bankrupt.
- The system of companies assuming sole responsibility must be practiced in all new construction projects. Regarding all production and operation projects, it is necessary to first set up a company and then start construction. Projects which are under construction should also set up, as quickly as possible, companies in which the relations of property rights and responsibilities are clear and where government administration is separated from enterprise management.

He Guanghui pointed out that the collective enterprises in urban areas, township enterprises, nongovernmental scientific and technological enterprises, and other types of enterprises are facing a major topic: They should make explorations through various forms to gradually reorganize themselves to a shareholding company or a joint-stock cooperation enterprise. We should also encourage private enterprises to reorganize themselves into standard companies and rationalize their behavior.

The Pressing Task at the Moment Is To Do Basic Work Well

He Guanghui said that the pressing task at the moment is to do the following basic work: Increase the decision-making power of enterprises, accelerate the pace of state enterprises changing their operational mechanism and transforming their organizational structure, deepen the labor, personnel, and distribution reform within enterprises, earnestly implement the "Rules for Enterprise Financial Affairs" and "Regulations for Enterprise Accounting," and speed up the transition to a scientific enterprise financial and accounting system which conforms to international standards. It is necessary to reappraise the stocks and assets of enterprises, define property rights, screen creditors' rights and debts, evaluate assets, and verify the property of enterprises.

State enterprises are now bearing a heavy historical burden. In order to smoothly effect a change in the system of state enterprises, He Guanghui pointed out: First, it is necessary to reasonably alleviate the debt burden of enterprises. Regarding the debts caused by "the change from allocation to loans," the form of "changing loans to investment" can be adopted to turn part of it into state capital. We should also study effective methods for resolving other forms of debts. Second, it is necessary to resolve the problem of insufficient accumulation of social insurance for old workers. In the course of property rights reforms, which include auctions, mergers, and joint stock reform, a certain proportion should be withdrawn from state assets to contribute to the social insurance fund. Third, it is necessary to gradually separate the nonproductive undertakings from enterprises and resolve the problem of "social responsibility" of enterprises. Fourth, it is necessary to gradually resolve the overstaffed problem of old enterprises. Policies and measures should be worked out to encourage some staff and workers to seek employment in township enterprises, three kinds of foreign-funded enterprises, and private enterprises. Some others should be encouraged to become self-employed workers.

Prevent the Phenomenon of Losing Shape

In the change of system effected among state enterprises, He Guanghui especially emphasized, it is necessary to prevent and take note of the practice of merely changing the factory plate, but not the mechanism. He said that the newly established shareholding limited companies and limited liability companies should set up and perfect their internal organizations, exercise scientific and efficient management, and make efforts to effect a change in operational mechanisms strictly in accordance with laws and regulations. While using foreign capital to transform old enterprises, it is necessary to note two points: First, changing plates but not the system, or becoming a joint venture in name but with no foreign investment at all; and second, while the workshops, departments, or units intend to develop joint ventures with foreign partners, it is necessary to handle well the relations between the part and the whole and prevent the practice of offering good workshops, departments, and projects to form joint ventures, while leaving the poorly managed ones to the state.

Compared with past reforms, Liu Zhongli said, the current financial reform is focused on changing the mechanism and creating basic conditions for establishing a socialist market economic system, while making no major readjustment of the existing distribution structure.

The Contents and Principles of Financial and Taxation Reform

Introduce the reform of a separate tax system. First, the scope of expenses at all levels should be reasonably determined in light of the division of authority between the central and local governments. Second, central and

local revenue should be divided in light of the tax categories and the proportion of central revenue should gradually increase in accordance with the principle which integrates the authority controlling enterprises and undertakings with financial power. Third, central financial bodies will implement the system of tax return and transfer payments to the localities. Fourth, two sets of taxation organs, the State Taxation Bureau and local taxation bureaus, will be set up to coordinate the implementation of the separate tax system. To guarantee the formation of the new mechanism, Liu Zhongli stressed, the provincial authorities, in light of the principles and requirements of the new central and provincial financial systems, should formulate specific measures for the cities and counties to implement the separate tax system. The basic framework of reform must not be distorted.

In accordance with the principle of "unifying the tax laws, levying taxes in a fair manner, simplifying the tax system, and rationally separating powers, it is necessary to introduce reform of the taxation system. First, an exchange tax system based on increment taxes, with consumption and business taxes as a supplement, should be established. Increment taxes should be levied in the links of commodity production, wholesale, retail sales, and imports. The method of levying increment taxes should be improved, and the system of tax deduction and tax indication in invoices should be implemented. Based on the general readjustment carried out by applying increment taxes, a further consumption tax will be levied on some special consumer goods, which are to undergo special readjustment. Business taxes will continue to be applicable to the trades of the tertiary industry, except commerce, which have not yet implemented the increment tax system.

Second, unify the income tax of domestic enterprises, change the past practice of levying taxes in light of the ownership of enterprises, and impose a unified income tax of 33 percent. In light of the actual situation, a preferential tax rate may be imposed for a period of time on a small number of enterprises whose profits are relatively low. Meanwhile, the state enterprise regulatory tax will be revoked. Third, establish a unified personal income tax system.

We should reform the profit distribution system for state enterprises, lower the income tax of state enterprises to 33 percent along with reform of the tax system, remove the energy and communications key construction fund and budgetary regulatory fund levied on enterprises, and gradually establish the distribution system of sharing dividends according to investment returns, sharing interests according to the amount of capital, or delivery of profits after paying taxes. In light of the relevant stipulations of the "Rules for Financial Affairs of Enterprises" and "Rules for Enterprise Accounting," the interests for the new and old fixed assets loans of enterprises will be included in the cost while the principle will be paid by enterprises with their retained capital.

The Great Significance of Doing Financial Reform Well

In light of the unified arrangements of the central authorities, reform of the tax system, the separate tax system, and reform of the profit distribution system of state enterprises constitute a crucial part of China's economic structural reform following the Third Plenary Session of the 14th CPC Central Committee. A central leading comrade recently pointed out that the current financial reform is an important measure related to the long-term stability of the state, future economic development, and economic structural reform as a whole. It will also be the central link of the next year's five major reforms.

Liu Zhongli said there are reasons for the central leader to talk about financial reform from such a high plane. As the financial reform involves the economic interests and behavior of various quarters, doing a good job in this regard will help handle the relations of interests between various fields, create spacious conditions for economic reform, and promote the overall situation of reform. From a long-term point of view, if the financial reform succeeds, it will create basic conditions for initially establishing a socialist market economic system by the turn of the century, straighten out the relations of distribution, stop the drain on revenue, and establish a standard financial operational mechanism. From a short-term point of view, because of the big action taken in the current reform, there will be great changes in the taxation structure, organizations for levying taxes, and the method of revenue collection. A job well done in organization and convergence will directly affect the financial situation of 1994 and have a bearing on the economic development and successes of major reforms in the future.

Ensuring Implementation to the Letter

Liu Zhongli pointed out that the design of the financial reform scheme follows the basic requirements of financial management for a socialist market economic system, refers to the successful methods and experience of the countries which practice a market economy, and fully takes into account China's reality and the transition from the old to a new system. Besides having a standard model as an objective, it has also formulated the specific steps for implementation. As the reform scheme is determined, Liu stressed, it must be implemented to the letter. First, no petty tricks should be allowed in the base figure. Second, in the course of implementing the reform measures, the basic framework of the reforms must not be distorted and the formation of the financial operation mechanism must be ensured. Third, the overall situation must be taken into account on the question of tax return. Fourth, it is necessary to establish taxation organs as early as possible, perfect the treasury system, and ensure the smooth introduction of various reform measures and attainment of desired-for results.

Establish a Powerful System of the Central Bank Exercising Regulation and Control

In the final analysis, a market economy is a monetary economy. At the stage of market competition, a commodity producer must rapidly organize production and meet the changing needs of the market in light of the signal of market changes. Without the support of flexible funds, he can only sigh helplessly.

In light of the objective of establishing a socialist market economic system, Zhou Zhengqing, vice president of the People's Bank of China, told this reporter that this year's financial reform should be spread from the following.

Genuinely Turn the People's Bank of China into a Central Bank

The primary task of deepening financial reform is to change the functions of the People's Bank and turn it genuinely into a central bank. In the course of establishing a socialist market economic system, the People's Bank, as a genuine central bank, has the following functions: Lead and manage the country's banking, scientifically formulate and implement the monetary policies and preserve the basic stability of the currency, exercise strict supervision over banking organizations, and maintain the safety and effective operation of the banking system.

On the division of responsibilities between the general headquarters of the People's Bank and its branches at all levels after changing its functions, Zhou Zhengqing said that the basic guidelines are: The headquarters will exercise the powers of currency issue, the volume of basic currency handled, and regulation of the credit scope and interest rates. The functions of the branches under the provincial level include banking supervision and management, investigation and statistical analyses, regulation of money supply, management of the treasury, cash allocation, foreign exchange management, and interbanking settlement.

In the process of changing the functions of the People's Bank, Zhou Zhengqing said, the following points must be emphasized: First, the monetary policies should be unified nationwide and the powers to formulate monetary policies lie in the headquarters. Second, it is necessary to strengthen supervision over the banking organizations. All countries pay great attention to banking supervision, which is an important and specific work. The supervision over banking in China is mainly undertaken by the People's Bank. Third, the branches at all levels should make good investigations and statistical analyses and lay a scientific basis for formulating and implementing monetary policies. Fourth, all the branches should effect a change from the stress laid on sharing the capital and scale in the past to exercising supervision over banking and conducting investigation and study.

Under a market economic system, Zhou Zhengqing pointed out, we should understand this: The contribution made by the branches of the central bank to the local economy lies in enforcing supervision according law, maintaining the banking order and environment of a locality, ensuring that the financial organizations of the locality operate steadily and effectively with less risks, and that they are competitive so that the savings depositors and investors will rest assured. In this way, they can attract more capital to the locality.

Reform of the Credit and Capital Management System

To deepen reform of the banking system, the People's Bank should gradually apply the savings guarantee funds, the central bank's loan interest rate, and other open market operation means to regulate currency supply and the total amount of social credit in order to maintain stability of the currency. At the same time, it is necessary to strengthen control, regulation, and management of the commercial banks and to establish a mechanism to guard against and confine the risks in capital lending.

In light of this requirement, Zhou Zhengqing said, reform of the credit management system will proceed from the following this year: First, on the premise of keeping the total amount under control, explore the operational objective of applying the medium of currency supply, total credit, interbank lending interest rates, and bank guarantee fund rates. Second, gradually change the traditional means of the central bank handling the basic currency through the commercial banks, promote discounts and other businesses including treasury bonds and foreign exchange, and increase the proportion of basic currency handled through the channels of open market operation and discount. Third, exercise separate management for the commercial banks and policy-related capital and businesses, cut off the direct links between the central bank's basic currency supply and policy-related loans, exercise assets and liabilities ratio and risk management for the renminbi and foreign exchange credit of the commercial banks, exercise assets and liabilities ratio management with limited loans over those which cannot temporarily maintain a balance of assets and liabilities, strengthen the self-binding mechanism of banking organizations, and gradually perfect the microscopic basis of indirect regulation and control.

Regarding reform of the credit management system, Zhou Zhengqing insisted that the primary task is to strengthen control over the total amount. At the same time, it is necessary to encourage commercial banks to strengthen management over credit funds, improve the quality of credit funds, reduce and avoid the occurrence of risk assets, confine the expansionist behavior of banks through establishing a restraint mechanism, and offer a fine banking environment for the sustained, rapid, and healthy [chi xu kuai su jian kang 2170 4958 1816 6643 0256 1660] growth of the national economy.

Establish and Apply Open Market Operation

It was the U.S. Federal Reserve which first used the central bank to regulate and control the basic currency and regulate the supply of currency in the open market through the trading of government securities or other bills in the early 1950's. China's open market business started in 1993. It was the specific contents of the reform of the monetary policies of the central bank and an exploratory work which required a process of gradual development and perfection. The open market businesses offered by the central bank are aimed at regulating and controlling the supply of currency and total amount of social credit. The purchase of government treasury bonds should be based on the independent policy decisions of the Central Bank rather than offering capital accommodation channels for the government or seeking profits. In the years ahead, the central bank will make its own decision on specific operation and regulation and control over the basic currency through open market business, discount, credit loans, and foreign exchange trading.

Zhou Zhengqing pointed out that the policy decisions on applying open market business to handle the basic currency should be made by the central bank, which will determine the amount, means, and prices of the trading, bring it into line with a balance of credit, and make overall planning. At present, we are not yet sure what impact will the open market operation produce on credit, interest rates, and the financial market. Therefore, it is necessary to boldly conduct experiments, promptly sum up experience, and advance amid explorations.

Genuinely Turn the State Special Bank Into a Commercial Bank

Genuinely turning the state special bank into a commercial bank constitutes an essential part of the financial reform and the crux of the deepening of financial reform. Zhou Zhengqing explained the steps of the reform: A policy bank should be set up first, which will separate the policy-related businesses from the special bank. Then the special banks will be reformed in light of the general principles of the commercial banks so that they can gradually become genuine commercial banks.

—Set up a policy bank, resolve the problem of China's special bank assuming dual responsibilities, and let the policy bank and commercial bank attend to their own duties. The work of forming the State Development Bank and the Import and Export Bank is now under way. Preparations for establishing the Chinese Agricultural Development Bank have also started. Following the establishment of the policy bank, its businesses will be guided and supervised by the People's Bank. The policy bank cannot be regarded as the second finance and it cannot unrestrictedly expand the scope and amount of policy-related loans.

—The fundamental characteristics of the state commercial bank are independent operation, assuming sole

responsibility for profit and loss, undertaking risks, and self-restraint. It must implement the principles and policies of the party and state. The commercial bank cannot do whatever it likes because of the transformation and it should not regard speculation in shares and real estate as its indispensable business. As a matter of fact, all countries have restrictions on the scope of business of their commercial banks. Viewed from the reality of China's banking development, it is necessary to exercise separate operation and management over banking, securities, trust and investment, and insurance. The commercial bank should not be allowed to invest in industries or engage in stock and real estate speculation.

—Introduce a competitive mechanism. All the banks, Chinese-funded and foreign-funded ones, and the financial organizations should abide by financial laws and regulations, carry out competition within the scope of their businesses, and continuously improve their services, efficiency, and asset quality.

—When policy-related businesses are separated, it does not mean that the special bank has automatically become a commercial bank. There is a process for the transformation of a special bank to a state commercial bank, which depends on external environment, particularly the gradual establishment of a modern enterprise system, as well as perfection of the internal operation mechanism such as operation principles and internal management system and method. All this should be standardized and improved in light of the general principles of the commercial bank and the banking laws and regulations.

—China's current commercial banks, such the Communications Bank, China Trust Industrial Bank, Chinese Merchants Bank, and Shenzhen Development Bank were all established by following the model of a commercial bank. These banks have obtained some experience in recent years.

—In light of China's reality, we should vigorously and steadily develop a cooperative bank system, which includes urban cooperative banks and rural cooperative banks, which will mainly serve the medium and small-sized enterprises, the vast rural areas, and regional economic development. We will try out the establishment of the urban cooperative banks and rural cooperative banks based on the urban and rural credit cooperatives.

The upholding of the principle of legislation first and construction second is the reliable guarantee for the smooth success of the financial reform as well as an essential characteristic of the reform. Zhou Zhengqing said that the drafting of the "Law of the People's Bank of China," "PRC Bank Law," "Insurance Law," "Bills Law," and the rules, regulations, and methods corresponding with the reform is now under progress. We should ensure the healthy growth of the financial reform through perfecting legislation.

Establish an Operational Mechanism Suited to the General Rules of the International Economy

As economic contacts between all countries are further strengthened, China's foreign trade and economic work is facing opportunities as well as challenges. How should we gain the initiative? Wu Yi, minister of Foreign Trade and Economic Cooperation, said that the key lies in seizing the opportunity, duly readjusting the policies, and further deepening reform. The focus should be:

Further Improve the Macroeconomic Regulation and Control Mechanism for Imports and Exports

The State Council has called on us to apply economic means to regulate foreign trade and exercise guiding planned management over total volume of exports, foreign exchange earned from exports, and foreign exchange used in imports. The Ministry of Foreign Economic Trade and Cooperation [MOFTEC] should consult relevant departments on further improving the export tax reimbursement system. Commencing this year, there will be a gradual transition to the central finance refunding duties while the localities and enterprises strictly following the regulations, improving the management system, and ensuring prompt and full refund of duties. At the same time, it is necessary to adopt effective measures to sternly attack the practices of swindling the state out of tax reimbursements. The credit policy of encouraging export should be earnestly implemented. Commencing this year, the state will abolish all financial subsidies for imports and comprehensively introduce an agency system.

Further Lift the Restrictions on Importing and Exporting Commodities in an Orderly Way

Abolish mandatory planning and lift the restrictions on most commodities, except a small number of very important import and export commodities, which are of vital importance to the national economy and people's livelihood, and which are monopolized in the international market, or which occupy a leading status in the international market. All this should be operated under unified management. The methods of bidding, auction, or standardized distribution will be implemented for the import and export commodity quotas. The bidding system also applies to the government commodity loans. Enterprises taking part in the bidding should undergo strict qualification examination. At the same time, it is necessary to delegate the powers of foreign economic operation to productive enterprises, scientific and technological units, and some commercial and material supply enterprises which have conditions, and create favorable conditions for them to enter the international market and directly participate in international competition.

Reorganize State Foreign Trade Enterprises in Light of the Modern Enterprise System

The key to changing the operational mechanism of foreign trade enterprises lies in changing the ideological

concepts and effecting a change from the executor of the state plan to export commodity producers; from monopolized operation and relying on preference given by the state policies to vigorously plunging into the market and seeking development in the course of competition on equal footing; integrating trade with industry, agriculture, technology, and commerce; introducing an agent system; taking the road of industrialization and internationalization and forming groups; and encouraging foreign economic and trade enterprises with conditions to gradually advance in the direction of forming comprehensive consortia. Meanwhile, the large productive enterprise groups and foreign-funded enterprises should gradually become industry-agriculture-technology-trade transnational companies. It is necessary to establish and improve a strict system of personal responsibility, financial accounting and supervisory mechanism, and ideological and political work guarantee system and genuinely establish a self-restraint mechanism which carries out independent operation, assumes sole responsibility for profits and losses, and seeks further development.

Maintain Unification of Foreign Economic and Trade Policies

It is the objective demand of a national unified big market, as well as one of the standards of international trade, to implement a unified foreign trade system and policies nationwide. We must ensure unity of China's foreign economy and trade system, exercise unified management over foreign economy and trade, and undertake the international commitments in a unified way so as to establish and maintain the state's image. In light of international standards and China's commitments, only the openly promulgated laws, regulations, and policies will be implemented.

Strengthen and Improve Macroeconomic Coordination and Management

Lifting restrictions on operation does not mean letting things drift and independent operation does not mean free operation without any restraints. In cooperation with the customs, commercial inspection, and industrial and commercial management departments, we should comprehensively tackle the operation order. It is necessary to formulate a set of feasible methods for strengthening overall management and focus attention on the major commodities and markets. In this regard, the role of the import and export chambers must be strengthened.

Turn State Planning From Direct to Indirect Regulation and Control

In the world today there is no market economy which is not intervened and controlled by the government. Some countries have been more successful than us in certain fields. While summing up the experience of Southeast Asian countries where the economy developed at a fast pace, experts of the world bank drew three points, of which the second one was macroeconomic stability. Our

practice has also proved that without forceful and effective macroeconomic control and regulation, a stable economic environment will be out of the question and there can be no sustained, rapid, and healthy growth of the economy. To catch up with the economically developed nations within a short period and establish a socialist market economic system, Chen Jinhua said, China must make efforts in two aspects: Give full play to the role of the market mechanism and strengthen and improve macroeconomic control and regulation. Regarding state planning, it refers to:

The Core Is To Change the Functions of Planning

Regarding state planning, which is an essential means of macroeconomic control and regulation, what are its nature, functions, scope, and role under the conditions of a socialist market economy?

Chen Jinhua stressed the necessity of rationally determining the strategy for national economic and social development, macroeconomic regulation and control targets, and industrial policies; doing a good job of economic forecasting; and working out plans for major economic structure, distribution of productive forces, improvement of land resources, and major construction. While planning work, it is necessary to lay stress on macroeconomy, strategy, and policies, with the focus on mid and long-term planning, and to comprehensively apply the macroeconomic policies and economic levers of the municipalities. This is also the direction and tasks of expediting the reform of the planning system and changing the functions of planning.

In light of this requirement, Chen Jinhua said, the first task of strengthening and improving macroeconomic regulation and control this year is to ensure the attainment of the objective and tasks of macroeconomic regulation and control set in state planning. All localities and departments should accept the guidance of the state's macroeconomic regulation and control and maintain its authority. Second, the stress of macroeconomic regulation and control should be put on maintaining a balance of the economy and optimizing the economic structure. It is necessary to fully tap the potentials of resources, attain high economic growth through planning, strictly control excessive growth in investment in fixed assets and the excessive growth of consumption, effectively check soaring prices, and bring inflation under control. Third, in light of industrial policies, it is necessary to rationally readjust the production setup, investment setup, and international industrial structure; upgrade products; and promote trade between regions and the coordinated development of the tertiary, primary, and secondary industries. Fourth, closely monitor and forecast economic trends, strengthen supervision over economic operations, make advanced studies of the problems which might occur in economic life, and make counterproposals. Fifth, give full play to the functions of planning in coordinating macroeconomic policies. The planning departments should take the initiative to contact, consult, and cooperate with the financial, taxation,

banking, foreign exchange management, labor and wages, and other departments specifically responsible for economic work, and go all out to increase the unity, promptness, scientific nature, and effectiveness of the state's macroeconomic regulation and control.

Establish an Investment Risk Responsibility Mechanism

On maintaining sustained and rapid growth, Chen Jinhua said, the scope of investment arranged for this year is large enough. But it still cannot meet the investment of various fields. He said the solution is to further readjust the investment setup in light of the requirements of industrial policies, strictly within the scope of control over the total investment, and further strengthen key construction projects. It means increasing investment in the infrastructure, basic industries, and mainstay industries, particularly the exploitation of resources in the central and western regions and other projects badly needed by the state. It is also necessary to strictly control the general and technically backward processing industries and avoid the practices of blind construction and production of inferior projects.

First, Chen Jinhua clearly pointed out, this year's investment will be focused on the projects nearing completion and those under construction, particularly a number of major projects which have a bearing on the overall situation. The projects include the Beijing-Kowloon Railway, Lanzhou-Urumqi Railway, and Nanning-Kunming Railway; the Qinhuangdao, Dalian, and Shanghai port projects; the Beijing-Shenyang-Harbin, Beijing-Wuhan-Guangzhou, and Xining-Lanzhou-Urumqi optical fiber lines; the large coal mines in Shanxi, Inner Mongolia, and Shaanxi; the 9.42 million kw large power project in Baoding; the third steelworks of the Wuhan Iron and Steel Corporation; the Dashan iron mine in Shandong; the Daxing copper mine; the Jinzhou nonferrous metal company; the 300,000 tonne ethylene projects in Maomin and Jilin, and other important raw material projects. It is necessary to step up construction of the first and second automobile factories, the 908 electronic project, and applied satellites and continue to pay attention to the preparatory work of the Three Gorges project and the third phase of the Baoshan Iron and Steel Complex.

According to Chen Jinhua, Premier Li Peng pointed out at an economic work conference that the following three principles should be upheld in the newly developed projects in the future: First, no investment without capital should be allowed. New construction projects may apply for loans from the banks only when they have a certain proportion of capital. Second, banks should exercise supervision and not allow misappropriation of funds to make investment. Third, new projects must have enough working capital and construction of these projects must not be allowed without working capital. These principles must be earnestly implemented in this year's plan and the purpose of doing so is to vigorously increase the efficiency of investment.

To maintain a reasonable scope of investment, optimize the investment setup, and increase the efficiency of investment, Chen Jinhua said the fundamental thing is to reform the irrational investment system and establish a risk responsibility system for corporate investment and bank credit. Chen said that different capital accommodation means should be adopted in different fields of investment so that enterprises can gradually become the principal part of investment. It is necessary to rationally divide the scope and responsibility of the governments at various levels over infrastructure building and welfare undertakings, give full play to the role of the state development bank, fully arouse the enthusiasm of central and local enterprises, and adopt the means of joint investment or shareholding to guide localities and enterprises to pour funds into infrastructure building and basic industries. We should gradually develop an investment service system and perfect the investment information feedback system, establish and improve the application and registration system for the new construction projects, and strengthen macroeconomic guidance, regulation, and control over the total amount of investment as well as the investment setup.

The Objective and Tasks of Macroeconomic Regulation and Control

Viewed from the situation of this year's reform and development, an important task for economic planning is to deepen enterprise reform, invigorate the large and medium-sized state enterprises, and create a favorable external environment. In other words, Chen Jinhua said, we should try to maintain an overall balance of social general demand and supply; provide enterprises with normal macroscopic links for production and operation; ensure the enterprises' decisionmaking rights of planning, investment, prices, wages, and import and exports; create the necessary conditions for enterprises to enter the market and carry out competition on equal footing; encourage enterprises to focus their attention on developing domestic and international markets; guide enterprises to readjust their product mix in light of market needs; and rationally apply the state's financial and material resources, which include central financial funds, bank credit, special construction funds, foreign loans, and state reserves to support the reform and development of large and medium-sized state enterprises. It is also necessary to alleviate the burden of enterprises by opposing and checking the indiscriminate mustering of funds and exaction of charges.

In overall economic balance, it is necessary to increase supply and narrow the gap between supply and demand. In the "bottleneck" industries and enterprises, such as railways and communications, which have tempered the rapid economic growth, it is particularly necessary to tap the potentials through technical transformation of the existing enterprises, strengthen their management, and create conditions for rapid economic growth.

To attain the objective of macroeconomic regulation and control in 1994, Chen Jinhua insisted on the importance

of grasping the following points: Vigorously promote the sustained, rapid, and healthy growth of the national economy; concentrate forces to push forward the major reforms in various fields; put the focus of accelerated growth on optimizing the economic setup and increasing efficiency; and strive to bring about a coordinated economic and social development.

Take Comprehensive Coordination As One's Tasks

The practice of reform over the years has proved that creating a spacious environment is the prerequisite for accelerating reform and development. In 1994, when both reform and development must be accelerated, what should be the focus of work for the State Economic and Trade Commission, which is responsible for comprehensively coordinating economic operation? To apply various means to comprehensively coordinate the economic operation, Wang Zhongyu said we should focus on prevention and prompt macro and microscopic regulation and control so as to avoid accumulation of problems and passivity. It is necessary to keep abreast of the economic development trend, regularly monitor, forecast, predict, and analyze the new problems cropping up in economic operation, propose reform measures and countermeasures, and offer grounds for the CPC Central Committee and State Council to scientifically make decisions. In light of this requirement, we should do the following well:

Put Reform and Coordination of State Enterprises in First Place

The only way to invigorate state enterprises is through deepened reform. Centered on reform of state enterprises, Wang Zhongyu said the economic and trade commissions at all levels should do the following work well:

First, vigorously establish a modern enterprise system. In light of the requirements of the State Council, they should join the relevant departments in seriously organizing 100 large and medium-sized enterprises to undergo the experiment of the modern enterprise system. After selecting the enterprises to undergo the experiment, specific measures and practical operation should be worked out as soon as possible.

Second, continue to implement the "Regulations for Enterprises to Effect a Change of Operational Mechanism," step up formulation of rules to coordinate the "Regulations," strengthen supervision over implementation of the "Regulations," and ensure that the decision-making powers and responsibilities of enterprises are delegated. They should earnestly implement the "Regulations for Exercising Supervision over State Assets," which is to be promulgated soon, work out specific measures for implementation, do well the experiments of assets operation responsibility system and assigning members of the supervisory board, vigorously explore rational means and ways for operation and management of state assets, and preserve and increase the value of state assets.

Third, accelerate the pace of structural readjustment of enterprise organizations and improve the enterprise internal mechanism. In light of the "Bankruptcy Law," enterprises which have suffered losses for years, which are incapable of turning their deficits into profits, and which cannot repay the debts with their assets, should go bankrupt. Only the best should be allowed to survive. In accordance with the requirements of a modern enterprise system, they should develop a number of large enterprise groups transcending regions and trades, based on the predominance of public ownership and which combine their property rights. At the same time, they should effect a transition from enterprise contract responsibility system to income tax system and speed up the reform of enterprise labor, personnel, distribution, and social insurance systems.

Fourth, strengthen enterprise operation and management in light of market economic needs. The loose and poor management within a considerable number of enterprises merit attention. It is necessary to focus attention on basic, quality, cost, and safety management; establish and improve the enterprise management system; and increase market adaptability and competitiveness. A drive of "changing mechanism, grasping internal management, and increasing efficiency" should be launched this year.

Fifth, adopt feasible measures to alleviate the unreasonable debt burden of enterprises. For example, the part of allocation can be changed to loans and the balance be turned to state capital for the enterprises which meet the state's industrial policies and which badly need support. Regarding enterprises which have a future but whose current economic efficiency is poor and are incapable of repaying the due loans, they may postpone the payment, with the approval of the banks. Enterprises with a bad debt must undergo strict auditing. With the approval of the banks, the bad debt may be canceled from the bad debt guarantee funds. Specific proposals should be made by relevant departments through the experiments.

Sixth, complement enterprise work funds through various channels. The large and medium-sized state enterprises should complement their working capital through various channels. Regarding enterprises which have not delivered after-tax profits recently, it is necessary to draw 50 percent from their profit retention to supplement the production and operation funds. Preferential treatment in credit should be given to the efficient large and medium-sized state enterprises. Without sufficient working capital, construction of the new projects involving investment in fixed assets must not be approved.

Seventh, implement the "ten thousand, thousand, hundred, and ten" plan for changing operational mechanisms. It is necessary to delegate the 14 kinds of decisionmaking powers to the 10,000 large and medium-sized state enterprises and complete the work of reappraising the stocks and assets of enterprises. Through assigning supervisory board members, it is

necessary to exercise supervision of the state assets of 1,000 backbone enterprises which are of vital importance to the national economy and people's livelihood. Select 100 different types of large and medium-sized state enterprises to implement the "Regulations" and undergo the experiment of a modern enterprise system. Conduct the experiment of alleviating the unreasonable burden of enterprises and increasing the proportion of enterprise working capital in 10 cities or regions and propose specific solutions to the matter step-by-step.

Accelerate the Pace of Enterprise Technological Progress

Wang Zhongyu said that the requirements of this year's technological development and technical transformation are: A high starting point, giving prominence to structural optimization and energy conservation, and advancing toward the goal of rationalization of technical equipment, sophisticated techniques, and a higher grade for new products. Focused on this objective, it is necessary to give prominence to key points in this year's technical transformation plan, select a number of key projects to undergo technical transformation, upgrade the key enterprises and trades, and give further play to the advantages of the regions. In light of the requirements of industrial and structural readjustment, we should continue to increase capital investment in transportation and communications, energy industry, raw materials industry, and technical transformation of old industrial bases.

We should further import advanced technology and apply the technological achievements in productive forces. In the next two years, assistance should be given to 100 large enterprise (holdings) to establish technological centers, carry out 100 state-level major technological development and industrial experimental projects, organize 100 major technological popularization demonstration centers, and develop 10 high-tech industrialization research projects. It is necessary to vigorously develop new products, promote lateral development of industrial research, and encourage the use of high-tech to transform the traditional industries. In light of the possibility and their needs, enterprises should establish and improve various forms of technological development organizations. We should offer technological information to enterprises and nurture the technological market.

Establish and Improve the Market System

Establishing and improving the market system is not only the foundation for the attainment of macroeconomic regulation and control but also the prerequisite for enterprises to head for the market and optimize the distribution of resources.

Wang Zhongyu pointed out: The economic and trade commissions which regard coordination as their task should, first, take active part in the formulation of the scheme for building the market for essential production factors and do well comprehensive coordination work for developing intermediary service organizations and

giving full play to their role of service, contacts, notary, and supervision. Second, study and work out policy measures for promoting the development of various commodity markets, give priority to the establishment and improvement of the market for big batch of farm and sideline produce and means of production, and boost the development of various commodity markets. Third, take the readjustment of the product mix as the focus of industrial and communications production, vigorously study and develop two kinds of markets, namely, the international market and the rural market, and develop the urban market. In short, we should cater to the market and organize production in light of market needs. Enterprises should be encouraged to earn more foreign exchange through exports.

Strengthen Economic Management in Light of Law

In a sense, a market economy is a legal economy. Hence, it is necessary to attach great importance to and strengthen economic legislation work. Focused on enterprise reform and market building, Wang Zhongyu said, we should study and step up formulation of economic regulations for standardizing the market, regulating the relations of market transactions, maintaining market order, strengthening macroeconomic regulation and control, and improving the economic environment so as to ensure the organic combination and simultaneous development of economic legislation, structural reform, and economic growth. It is necessary to vigorously explore effective means of applying legal means to comprehensively coordinate economic operation in the new situation.

Localities Respond to Continued Macrocontrol

HK0302011094 Hong Kong MING PAO in Chinese 1
Feb 94 p A11

[By staff reporters: "Macro-Control To Be Continued, Coastal Areas React Flexibly, but Interior Provinces Are Laden With Anxieties"]

[Text] Local officials in different areas reacted in different ways to the State Council's recent circular on further exercising "macro-control" over capital investment. Some local officials told reporters that the tightened control would result in stopping some new investment projects in the northern provinces. However, some officials in Guangdong said they were not worried about this because they had certain countermeasures. They also assured foreign investors that the newly signed investment agreements would not be affected.

A senior official in a Guangdong city said: In the past more than 10 years of reform and opening, Guangdong officials have developed a good ability to cope with policy changes. "When reading the documents, you do not need to worry too much, and should continue to invite external investment and to carry forward existing projects. Then things will not become too complicated."

He smiled: "A good cat is one able to catch mice, and it does not matter whether it is a white cat or a black cat."

The official did not think that the recent "macro-control" action taken by the central authorities would affect Guangdong's high-speed growth and the large number of ongoing construction projects.

He cited some examples, saying that Guangzhou's subway project would require a total investment of some 5 billion yuan, and the second phase of Guangzhou's Zhujiang power plant will require an investment of more than 1 billion yuan. The funds contributed by the Chinese partners in these projects will be guaranteed, and the local authorities have their own methods of raising the funds.

One of the methods is to tap the city's land resources to raise funds for urban construction. For example, the Guangzhou authorities will sell the right to develop the property above more than 10 subway stations, which will raise over 1 billion yuan in funds.

In contrast with the flexible reactions of the coastal provinces, the situation in the interior provinces was totally different. An official in Hunan Province said: In the second half of last year, some cities and counties in Hunan set up development zones on their own, and more than 100 such development zones now have been closed. At present, there are only three state-level development zones and more than 100 development zones approved by provincial or city authorities. This time, after the central authorities again issued the instruction on exercising "macro-control," the development zones will be screened again, one by one. It is very likely that a large part of the existing development zones will be closed, as they cannot obtain any funds from the state and do not enjoy any favorable policies.

An official in the Jiangsu city of Zhangjiagang said that in the new round of retrenchment, some investment projects the city recently had begun might be affected and have to be suspended for a certain period.

Article Urges Theoretical Study of Finance

HK0302093094 Beijing RENMIN RIBAO in Chinese
26 Jan 94 p 5

[By Wang Bingqian, vice chairman of the National People's Congress Standing Committee: "Make a Thorough Study of the Position and Functions of Finance in the Market Economy System"—excerpt of speech at the 1993 annual meeting of China's Society of Finance and the 11th National Symposium on Financial Theory]

[Text] The 14th National Party Congress and the Third Plenary Session of the 14th CPC Central Committee definitely pointed out: The aim of establishing a socialist market economic structure is to make the market play a basic role in the allocation of resources under the state macroeconomic regulation and control. Everybody

knows that, as an action of distribution by the government, finance itself is an activity of resource allocation as well as a means of macroeconomic regulation and control. Under the planned economic structure in the past, allocation of resources was realized by taking planning as a foundation and the activities of departments including finance, material supplies, and others. How then under the conditions of a market economy following the gradual change from the planned economy to the socialist market economy, will finance play its role in the allocation of resources and how will finance exercise regulation and control at the macro level of the state? This is an important theoretical and practical issue at present.

The decisions adopted by the Third Plenary Session of the 14th CPC Central Committee pointed out that "there must be a sound macroeconomic regulation and control system for the socialist market economy," proposed that "a coordinating and restraining mechanism between planning and monetary and financial policy should be established and comprehensive coordination in economic operations enhanced," and stated that "finance should use the instruments of budget and taxation to concentrate on regulating the economic structure and social distribution, use monetary and financial policies to regulate the basic equilibrium of total social demand and supply, and, in coordination with industrial policies, bring about a coordinated national economic and social development." The above expression is very clear, that is, finance shoulders the task of regulating the economic structure and social distribution and of regulating and controlling total demand and supply.

Taken from the formation of money, the allocation of market resources is, in essence, a kind of distribution and circulation of financial resources. Markets play a basic role in the allocation of resources, but they cannot cover everything. The problems that markets are unable to or cannot very well resolve in the allocation of resources must be settled through financial distribution and other economic means to ensure coordinated social development. For instance, the resources allocated to satisfy public requirements, including the portion of resources necessary for government organs to maintain normal operations and institutions to provide public services, can only be allocated through government financial distribution rather than through markets. This is not substitutable. However, economic development is always a fundamental mission of a socialist state. Although the allocation of resources under the conditions of a market economy takes markets as a foundation, because there are weaknesses in markets themselves, not only must investment in the construction of infrastructural facilities and social welfare be made by state finance through overall planning, but the economic structure and social distribution must also be regulated through the financial means of budget and taxation. Therefore, how to adjust the structure of financial revenue and expenditure and the policy of financial distribution to suit the needs of market economic development is a subject that we should study

with concentrated efforts. For example—how should we rationally regulate the structure of distributing financial resources, and properly handle and regulate in a timely manner the extent of concentrating and distributing financial resources as well as the departmental and regional structures of distributing financial resources, according to the requirement that markets should play a basic role in the allocation of resources? Again, there are other examples—in the areas of financial taxation structure and distribution policies, how should we ensure the ability of the central authorities to appropriately concentrate financial resources and enhance its ability in macroeconomic regulation and control under the conditions of the market economy; and how should we correctly handle the distribution relationships between the state, enterprises, and individuals according to the principle of giving priority to efficiency while taking account of fairness? All these should be studied in theory, and experience pertinent to them should be repeatedly summarized in practice.

Certainly, the position and task of finance in the establishment of a socialist market economic structure are not limited to the above content. The five major links in the basic framework of the socialist market economic structure sketched in the "Decisions" are an organically integrated entirety, which has set new tasks and demands for financial work. Other parts of the "Decisions," including in-depth structural reforms in the rural economy, foreign economic relations, science, technology, and education, the intensified building of the legal system, and so on, have set new tasks and demands for financial work as well. All these also call for us to conduct studies in theory and practice.

Great and spectacular achievements have been scored in China's reform and opening up. In the entire historical development process, financial taxation reform is always placed in an important position. It not only facilitates the development of the reform and opening up undertaking with financial and material capabilities, but also coordinates and promotes other economic structural reforms on its own. The reform of financial taxation before the 14th National Party Congress and the Third Plenary Session of the 14th CPC Central Committee was chiefly aimed at eliminating the malpractices of the old structure and at changing the conditions of highly concentrated financial resources and financial powers. Now, the aim is to readjust the distribution structure of financial resources, provide necessary financial resources and powers to enterprises for becoming the main body of the market economy, and provide financial resources to localities for accelerating economic development and the rapid growth of the economy as a whole, in accordance with the development track from the planned economy to the planned commodity economy and finally to the market economy. In short, it aims at realizing the objective of laying a foundation of financial resources for markets to play the basic role in the allocation of resources and at correspondingly carrying out reforms of some financial management systems that do

not suit the requirements of reform and opening up, through the readjustment of the distribution structure of financial resources. At present, in line with the decisions of the Third Plenary Session of the 14th CPC Central Committee, positively accelerating reform in financial taxation has been taken as a major aim in the establishment of a socialist market economic structure, and the introduction of three reform programs on financial taxation in 1994 has been planned. Today, China's reform of financial taxation has entered a new stage. The characteristics of this stage are to straighten out the relationship of financial taxation, standardize its conduct, and establish a financial taxation structure and operational mechanism that are suited to the socialist market economy. This is a significant change calling for us to transform our concept on financial resource management, improve our management modes and methods, and gradually form a set of financial taxation and policy theoretical systems suitable to the socialist market economic structure. This is a mission entrusted by the times to our financial theoretical and practical workers.

In order to be suited to the requirements of this development, it is necessary to once again stress the importance of financial theoretical study. Just as Engels put it: Only when people stand on the theoretical height can they take a broad and long-term view to charter the right course and take the initiative in work. It can be said that leadership work cannot be well performed if serious attention is not paid to theoretical study and scientific research, and that one-sidedness and blindness in work is unavoidable and opportunities are apt to be bungled if theory and scientific research are ignored. Hence, we must take theoretical study of finance very seriously, consider some strategic, overall, and long-term issues earnestly, and give impetus to initiating a new situation in financial work with infiltrating studies of scientific theories and policies. Reform of financial taxation will enter a crucial year in 1994. Although the reform plan has been set, there are still many problems to be solved and many new conditions to be studied in practical work. This calls for comrades in business and scientific research departments to coordinate with one another and strive to enhance the theoretical level of the entire rank of cadres on the financial taxation front and their ability to solve practical problems, through intensified investigation and research and the conscientious study of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics.

State Council Limits Business Solicitation Trips

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SHE in Chinese 1104 GMT 1 Feb 94

["Special feature" by Jiang Yuan (3068 6678)]

[Text] Hong Kong, 1 Feb (ZHONGGUO TONGXUN SHE)—The craze for large-scale business-canvassing activities launched by various local authorities from the mainland in Hong Kong will be markedly scaled down this year.

According to information from a relevant quarter, a relevant department under the State Council has issued instruction to various localities since the second half of last year, stipulating that from then on when provinces, autonomous regions, and municipalities stage business-canvassing activities in Hong Kong and overseas, they must submit their plans to the relevant State Council department for examination and approval; as for counties, cities (county-level cities), and first-grade enterprises directly under the central authorities wanting to stage business-canvassing activities in Hong Kong and overseas, their applications will be scrutinized more stringently, and they must submit applications not only to the next higher government for examination and approval, but also to the relevant State Council department for approval. The instruction also stressed that various kinds of business-canvassing activities must attach importance to practical results.

At the same time, apart from strictly restricting various localities from staging business-canvassing activities outside the country and borders, the relevant State Council department also instructed that regarding various kinds of business-canvassing activities organized by the localities, and various kinds of festive activities "staged in the name of culture, but turned out to be economic and trade operas," regulation and control will be strengthened, and centralized arrangements will be made.

According to information, the reason for the Chinese Government to make up its mind to exercise strict control over various localities wanting to stage business-canvassing activities outside the country and border is because many negative effects caused by the excess business-canvassing activities in the past have already gradually surfaced. Among the effects are:

First, too much "untrue foreign capital."

Many investment projects which are made in the name of foreign firms or foreign sources, are in fact made by mainland organizations (mainly state-run organizations) which transfer their funds overseas and then back home with a new name, and the purpose is to evade taxes and to enjoy the preferential policy in the areas of taxes and import and export of quotas for foreign-funded enterprises. Such moves not only cause losses in government revenue, but also bring about great chaos to various economic domains and links.

Second, the proportion of foreign capital being made really available is extremely low.

The excess business-canvassing activities have created an unhealthy practice of being "false, big, and empty," and led to a situation in which the unfulfilled letters of intent and agreements on huge amounts of investment fly in the sky everywhere. A certain big province in the north said at the end of last year that it had attracted \$6 billion of foreign funds, but in reality less than \$100 million of the foreign funds was really made available.

Third, astonishing waste and extravagance.

Over the past one or two years, business-canvassing activities staged outside the country (border), especially in Hong Kong by various localities, have involved larger and larger delegations and increasingly extravagant lay-outs, while some people have used the business-canvassing activities as excuses to travel on public funds, to the serious extent of practicing fraud and putting the cart before the horse. In order to cover up the economic "hole" which involved a large amount of money, they could only report false results in the business-canvassing activities.

In light of this situation, and in order to check corrupt practices in economic activities, the State Council has promptly sent a strongly worded "red-letterhead document" to various localities in the whole country, strictly controlling those who want to stage business-canvassing activities in Hong Kong and overseas, and saying that violations of the regulations will be looked into according to law and discipline.

Beijing Determined To Cool Real Estate Craze

HK0402061694 Hong Kong LIEN HO PAO in Chinese
3 Feb 94 p 2

[Article by Wang Hui-hsin (3769 1979 7451): "To Prevent the Bubble Economy From Causing Drastic Price Rises, Beijing Tightens Credits To Cool Down Overheated Real Estate Market"]

[Text] Despite the move to rectify the bubble economy during July and December last year, the real estate investment in mainland China has tended to become overheated again since last November. Recently, the CPC Central Committee determinedly adopted "cool down" measures with a view to slowing the pace of real estate development, reducing fixed-asset investment, and easing inflationary pressures. The State Council issued a "red-letterhead document" at the end of last January, ordering all localities to maintain effective control over real estate investment, and to standardize and guide foreign investment in China's real estate market. In addition to halting the construction of "two courses" (racecourses and golf courses), many projects for the construction of high-priced Western-style houses, office buildings, and villas also have been suspended or canceled.

The Red-Letterhead Document Orders Rectification of the Real Estate Market

Hong Kong investors are the "catalyst" to the mainland's real estate craze, and their investment has involved over 100 million square meters of real estate. Therefore, this new upsurge of macroeconomic control and regulation will have a considerable impact on Hong Kong businessmen who invest in real estate and on Hong Kong people who have brought residential housing on the mainland.

Under the heading "Circular on Continuously Strengthening Macroeconomic Control and Regulation of Fixed-Asset Investment," the red-letterhead document calls for efforts, in the present situation marked by "overheated growth in investment and an unduly large scale of construction," to bring the country's fixed-asset investment (including commodity housing) into accord with the government plan.

According to the red-letterhead document, a reduction in real estate investment and financing is the key task for the new upsurge of macroeconomic control and regulation. All investment and financing concerning real estate development and foreign-related economic development zones will be brought under the planning and control of the State Council and local governments, and projects that are not listed in the state plan cannot obtain bank financing. The Beijing authorities still welcome foreign businessmen to invest in China's real estate market, but the investment should be oriented toward the ordinary residential housing urgently needed by common urban dwellers. In another word, they should act in coordination with the housing reform on the mainland, and should build more commodity units that ordinary mainland residents can afford, not high-priced Western-style houses, villas, and holiday resorts; still less should they build racecourses or golf courses.

Before the red-letterhead document was relayed to the lower levels, RENMIN RIBAO, the official newspaper of the CPC Central Committee, carried a commentator's article entitled "Preventing Blind Development in the Real Estate Industry." It noted: "At present, the scale of basic construction remains considerably great. Some localities, departments, and units have failed to act according to relevant state regulations; some exceed their examination and approval authority, while others act in their own way and start new projects blindly. As a result, the real estate market is tending to become overheated again, and the situation is extremely unfavorable to our efforts to promote national economic development and to check inflation."

One can easily see from the official CPC newspaper and the red-letterhead document that failure to check the real estate craze will lead to the same "grim economic situation" as in the first half of last year. Although initial results were achieved in rectifying the bubble economy and in checking speculation in the stock, foreign exchange, and real estate markets during July and October last year, the scale of fixed-asset investment still remains unduly large, and 13 and 19.5 percent increases, respectively, have been registered in the general level of retail prices and in the retail commodity price index in 35 large and medium-sized cities. The drastic rises in commodity prices inevitably will lead to resentment on the part of the public, and are therefore unfavorable to maintaining social stability. This serves as one of the major reasons why the CPC is reemploying the "cool down" to check the real estate craze.

The Cool Down Treatment Can Result in Optimizing the Structure

Optimization of structure is another aim of the "cool down."

The so-called optimization of structure has a two-fold definition: One is the "capital preference" in terms of investment, and the other is the "supply readjustment preference" within the real estate industry. The former refers to the investment (including that made by Hong Kong and foreign businessmen) in such basic industries as energy, communications, transport, telecommunications, and agriculture. By so doing, we can put an end to the present "bottleneck" situation, inject more funds into technology-intensive and capital-intensive industries, optimize the industrial structure of the national economy as a whole, and prevent the bubble economy from exerting adverse impact on social life.

Commodity Prices Are Soaring, and the Gap Between the Rich and the Poor Has Become Graphic

The "cool down" of real estate investment also is aimed at maintaining social stability.

The excessive expansion of the real estate industry will cause drastic rises in the prices of building materials, which are already in short supply. Moreover, the supply capability of communications, transport, and energy will be weakened; as a result, they will fail to concentrate on the country's key construction project, raise the prices and charges for commodities and services, and bring about greater inflationary pressure. Tightening control over real estate investment and bank financing can help deter the further growth of commodity prices. This is a component part of our efforts to maintain social stability.

Another aim of the "cool down" is to prevent the gap between the rich and the poor from becoming too wide. Businessmen from Hong Kong, Taiwan, and foreign countries take possession of some land; on it they build Western-style villas and high-priced holiday resorts and houses for "rich households" on the mainland, thus giving rise to "luxury housing districts." However, most of the residents in these areas are still "difficult households" or "packed households." The "difference" between the luxurious and dilapidated houses of two

social strata have made the gap between the rich and the poor too "graphic," a fact that poor households cannot accept easily. In addition, the excessive supply of high-grade residential housing is also a waste of our resources. Therefore, applying a appropriate brake is not only necessary, but is favorable to maintaining social stability.

Since the Beijing authorities first used "the experience of Hong Kong" for reference in reforming its land system and put into trial practice the system of "separating two powers" in the mid 1980's, experiments have been made with sales of land use rights in Shanghai and Shenzhen, and large areas of land have been leased or sold in all parts of the country. As a result, the country has attained rapid growth in its real estate industry, the scale of investment is expanding constantly, and Hong Kong and foreign businessmen have become more involved in real estate development on the mainland.

The Ministry of Construction under the State Council has revealed the annual growth rate of real estate investment during the "period of above-norm development" of the 1990's:

The investment amount in 1991 totalled 31.6 billion yuan, up by 32 percent over the previous year.

The total investment amount reached 90 billion yuan in 1992, registering an increase of about 170 percent.

The estimated investment amount exceeded 100 billion yuan in 1993, with a growth rate of about 13 percent.

The unduly rapid growth in real estate investment has put tremendous pressure on bank financing, building materials, and commodity prices, thus giving rise to a situation wherein demand exceeds supply. Under such circumstances, the "cool down" can help bring about "healthy development" in the real estate industry.

At present, the Beijing authorities have tightened bank financing and have ordered the abandonment of a large number of construction projects. This move will not only drive many small-scale Hong Kong real estate developers into a tight corner, but also will subject those who want to gain profits from their property mainland investment to the effects of a stagnant market and land devaluation, and force them to face a series of problems that cannot be solved easily.

East Region

Anhui Farmers Improve Living Standards

OW0702063994 Beijing XINHUA in English 0630
GMT 7 Feb 94

[Text] Hefei, February 7 (XINHUA)—Farmers in east China's Anhui Province are paying more attention to nourishing food with the improvement of their livelihoods, according to a provincial survey team.

Instead of eating sweet potatoes, a high-yield, low-value crop, all the year round, farmers now take rice and wheat flour as their staple food. Per capita consumption of rice and wheat reached 284 kg in 1992.

According to statistics, farmers' annual consumption of meat, eggs and milk has gone up from 7.3 kg to 13 kg per capita and edible oil from 2.5 kg to 5.9 kg per capita between 1978 and 1992.

In addition, farmers spend more on cigarettes, liquor, sugar and tea.

Fujian Cracks Down on Rare Animal Trafficking

HK0702004294 Beijing ZHONGGUO XINWEN SHE
in English 0522 GMT 5 Feb 94

[Text] Fuzhou, February 5 (CNS)—The Fujian authorities recently staged a campaign cracking down on the trafficking and smuggling of the state-protected rare species of animals and their parts, including rhinoceros horn and tiger bone. People found involved in such activities face harsh punishment.

Deputy Director of the Fujian Wild Life Protection Fund Mr Bao Yingsen said that the trend of trafficking and smuggling rare species of animals had been on the rise in recent years. Incomplete statistics showed that a total of 520 cases of this kind were investigated and dealt with in the province last year alone with the seizure of a large number of items related to rare animals under state protection, including the skins of giant pandas, the skin and bones of tigers, a species of leopard, big lizards, rare species of cats, rhesus monkeys, pangolins and black bears, with all the confiscated items valued at over RMB 10 million [renminbi].

Illegal elements trafficking and smuggling rare species of animals for big profits mainly came from some ten provinces while others were Taiwan businessmen.

The large-scale killing and poaching of rare species of animals has aroused serious concern. The fund joined forces with departments of forestry, public security and industry and commerce in launching a crack-down on these illegal activities, staging raids and sudden inspections on guesthouse, hotels, restaurants and agricultural and trade markets for the illegal handling of rare animals. They also dealt with the seized traditional Chinese

ready-made medicines containing rhinoceros horn or tiger bone available in some drugstores and foreign-related guesthouses.

The Fujian authorities investigated 84 guesthouses and hotels found illegally handling wild animals during last October alone with the seizure of some 700 wild animals under state protection and over 10,000 animals including masked civet cats and snakes, none of which belong to the key category of rare animals under state protection. A number of illegal elements were dealt with and punished. A criminal found guilty of profiteering by selling a giant panda skin was sentenced to 15 years imprisonment by the Dongshan County People's Court and was deprived of his political rights for five years.

Jiangsu Secretary Promotes Joint Stock System

OW0702024194 Beijing XINHUA in English 0232
GMT 7 Feb 94

[Text] Nanjing, February 7 (XINHUA)—The Yizheng Chemical Fiber Corporation will become the first enterprise from the mainland to go public in Hong Kong this year, according to an official in this capital of Jiangsu Province.

He said more and more enterprises in this, China's most advanced industrial province are employing the shareholding system and have separated their property ownership from their management.

According to statistics, more than 100 enterprises in Jiangsu have raised funds by issuing stocks, 600 practise the liabilities limited system and about 10,000 have implemented the partnership system.

Jiangsu has about 1,000 large and medium-sized enterprises, and more than 100,000 rural industrial enterprises.

With the encouragement of the provincial government, many enterprises have become corporations in order to compete on the market since the beginning of the 1990s.

In addition, the provincial government has introduced the joint stock system to transportation departments and enterprises involved in basic and high-tech industries, as well as foreign trade organizations and rural industrial enterprises.

According to Chen Huanyou, governor of the province, Jiangsu will further expand the system this year.

Jiangsu Holds Judicial, Public Security Meeting

OW0702032894 Nanjing XINHUA RIBAO in Chinese
25 Jan 94 p 1

[Report by Shen Zhengfa (3088 2973 3127): "Make All-Out Efforts To Safeguard Jiangsu's Political and Social Stability—Cao Hongming Delivers Work Report at the Provincial Judicial and Public Security Conference"]

[Text] A provincial conference on judicial and public security work opened in Nanjing on 24 January. The conference relayed the important instructions issued by the CPC Central Committee Political Bureau Standing Committee on strengthening judicial and public security work and the important speeches given by Comrades Jiang Zemin, Li Peng, and Ren Jianxin at the national public security and judicial conference. Cao Hongming, deputy secretary of the provincial party committee and secretary of the provincial Commission on Politics and Law, delivered a work report. Yu Xingde, vice governor and deputy secretary of the provincial commission, chaired the conference.

Cao Hongming began his report by analyzing the current situation on the province's judicial and public security front. He pointed out: At present, the province enjoys political and social stability, which has served as an important guarantee for the smooth progress of reform, opening up, and economic construction. However, closer attention must still be paid to problems in public order. A total of 69,846 criminal cases occurred in the province last year, an increase of 6.7 percent over the previous year. Of the total number, 22,257 involved major crimes. As new structures replace the old and as the volumes of personnel, monetary, and property exchanges expand, factors contributing to violations of law and crimes have also notably increased. In the current new situation of reform, opening up, and accelerated economic construction, we must bring into full play the role of judicial and public security work in safeguarding and serving our cause. Judicial and public security work must be strengthened; it must not be weakened.

Cao Hongming pointed out: Our major public security and judicial tasks in 1994 are: Using Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the "Decision" of the Third Plenary Session of the 14th CPC Central Committee as guide, and taking into consideration the requirements for building a socialist market economic structure, we shall earnestly strengthen and reform judicial and public security work; augment the functions of the people's democratic dictatorship; resolutely crack down on the sabotage activities of hostile forces and elements as well as on serious criminal and economic offenses; implement measures for comprehensively tackling problems of public order in an all-around way; and strengthen the building of the public security and judicial ranks to effectively safeguard and serve, through the use of law, the construction and perfection of our socialist market economy and create a favorable social environment for the sustained, rapid, and healthy development of Jiangsu's economy.

Cao Hongming stressed: We must continue to maintain the strong momentum of the struggle launched in various localities to sternly and expeditiously punish serious criminal elements in accordance with the law. We must direct the primary spearhead of the struggle at major criminals who have a very bad influence on society, such as murderers, robbers, hooligans, rapists, kidnappers

who cruelly harm their hostages, and burglars; and at violent and organized crimes, particularly those committed by underworld figures, gangs, and local criminal forces, which pose serious threats to public security. We must resolve every prominent problem of public order as soon as it appears; we must not allow it to become uncontrollable. We must deepen the struggle against corruption by concentrating on major, high-profile cases. We must investigate all corruption cases through to the end, regardless of the persons involved. We must correctly deal with contradictions within the ranks of people in the new situation, deepen investigation and research, and carry out ideological-political work with a clear objective in mind.

Cao Hongming pointed out: We must further mobilize all social forces, strengthen grass-roots work, and implement measures for comprehensively tackling problems of public order in an all-around way. We must strengthen population management with a clear objective in mind, intensify management and control of the social aspects of urban and rural activities, further improve crime prevention and control by the masses, strengthen traffic and fire prevention management, establish and perfect a leadership responsibility system to comprehensively tackle problems of public order, and earnestly implement the policy under which a leader is responsible for maintaining public order in areas under his jurisdiction.

Cao Hongming urged principal responsible comrades of the party and government at various levels in the province to devote more energy to judicial and public security work. He said: Responsible leaders should attend to specific work to strengthen guidance and inspection. Other leading comrades in different work posts should also concern themselves with judicial and public security work. Vigorous efforts should be made to improve the overall standards and fighting capacity of our public security and judicial ranks. A general drive to educate public security and judicial cadres and police in the goal of serving the people and building a clean government, and in the legal system should be launched to truly raise their ideological-political standards.

Dai Guangzhen, deputy director of the provincial party committee's Organization Department, gave a speech on implementing the leadership responsibility system to comprehensively tackle problems of public order.

More than 200 people attended the conference, including members of the provincial party committee's Commission on Politics and Law and Committee for Comprehensive Management of Public Security; responsible comrades of city and county party committees in charge of judicial and public security work; and responsible comrades of other relevant provincial and city departments.

Jiangsu Forms Markets To Aid Economic Development

OW0702024394 Beijing XINHUA in English 0225
GMT 7 Feb 94

[Text] Nanjing, February 7 (XINHUA)—East China's Jiangsu Province has formed a network of markets to meet the needs of its rapid economic development.

According to statistics, the province had 4,700 markets for farm and sideline products and industrial goods, and 300 markets for capital goods by the end of last year.

The annual transactions of 67 markets exceed 100 million yuan each, the statistics note.

A local official said that 95 percent of the province's capital goods and 90 percent of its commodities are traded on these markets.

In addition, there are 126 financial markets, 4,800 technology-trading organizations, 24 real estate markets, and about 1,000 organizations engaged in job placement.

The Nanjing petrochemical exchange, which was set up in line with the international standard, has about 100 members at present.

It had concluded transactions totalling more than four billion yuan in less than a year after it opened.

Shandong Secretary Visits Villages 5 Feb

SK0702053294 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 5 Feb 94

[Text] The date 5 February was the 25th day of the 12th month by the lunar calendar, and the Spring Festival is increasingly closer. Very early in the morning, Jiang Chunyun, secretary of the provincial party committee, came to Qihe County, with which he had established ties, to visit local cadres and people. He also visited villages and households to learn about peasants' production and life and to hear their voice, opinions, and suggestions.

Secretary Jiang first went to the (Maozhuang) Village of (Shouzhong) Township. The economy of the village was rather backward and people's life rather difficult due to its saline-alkali soil and the influence of the Huang He water diversion project. Secretary Jiang visited the home of an old woman (Ma Chuanwei) at a little past nine in the morning. With deep concern, he asked about the old woman's health and asked her whether she had difficulties. The old woman said: You, provincial leaders, have come to see us despite your tight schedule. I am so moved that I do not know what to say. The income of my family declined this year because of the cold weather. However, we still earned more than 1,000 yuan and have more than 2,500 jin of grain. Our life is not so bad. Please do not worry about us.

Secretary Jiang said with a deep feeling: We will work out ways to address whatever difficulties you have so that you can achieve affluence as soon as possible.

At the home of (Zhu Zhaoshi), who had difficulty in life, (Zhu's) wife told Secretary Jiang: We have wheat and cabbage. Although we have little money at our disposal, our life is not too bad. We have no problem in spending the Spring Festival.

After visiting (Maozhuang) Village, Secretary Jiang again came to (Dayang) Village. This village became prosperous thanks to greenhouse cultivation of vegetables in the past few years. The secretary of the village party branch said to Secretary Jiang happily: Our village, which has a population of more than 1,000, has built more than 83 greenhouses to grow 200 mu of (?fine vegetables) and 320 mu of (?ordinary) vegetables. Our per capita net income was 1,630 yuan in 1993.

Hearing this, Secretary Jiang smiled and said: Let's go to your greenhouse. At the vegetable greenhouse, Secretary was very happy to see the fresh cucumbers. He said: When delivered to Jinan, the cucumbers can be sold at good prices. The more you earn, the happier we will be. You may grow strawberries and [word indistinct] in the greenhouses to increase your income.

After visiting the greenhouse, Secretary Jiang came to the home of villager (Yang Chengming). He asked whether the village had collected plenty of accumulation funds. (Yang Chengming) answered: No. We, a family of four members, earn 9,000 yuan a year. Each of us pay merely 70 yuan as the village's accumulation funds.

Secretary Jiang said: The more prosperous the village becomes, the less the masses have to pay as the accumulation funds. Grass-roots cadres must do more solid work for the masses, attend to the two civilizations simultaneously, firmly embrace the mass viewpoint, and maintain close ties with the masses. In doing work, they should attach importance to methods and refrain from doing work in an oversimplified and crude way or through administrative orders. When the cadre-populace ties are good, it will be easier to do work.

After shaking hands with the people who came to say good-bye at (Dayang) Village, Secretary Jiang continued his trip to another village.

Shanghai Secretary Addresses Municipal Meeting

OW0702051794 Shanghai People's Radio Network in
Mandarin 1000 GMT 4 Feb 94

[From the "News and Weather" program]

[Text] The Shanghai Municipal CPC Committee held a municipal propaganda work meeting today. The meeting relayed the guidelines set by the national propaganda and ideological work conference, and also arranged Shanghai's propaganda and ideological work for the current year. Wu Bangguo, member of the Political Bureau of the CPC Central Committee and secretary of the Shanghai Municipal CPC Committee, chaired the meeting and made an important speech. Chen Zhili,

deputy secretary of the Shanghai Municipal CPC Committee, transmitted the guidelines set forth at the national propaganda and ideological work conference.

In his speech, Wu Bangguo urged party committees at all levels to properly relay, study, and implement the guidelines set out at the national conference, to summarize their experiences, and constantly move forward by blazing new trails. Party committees at all levels must strengthen and improve their leadership over propaganda and ideological work. At the same time, it is necessary to pay due attention to building a contingent for such work. Cadres on the propaganda and ideological front must make contributions to implementing the guidelines set forth at the national conference on propaganda and ideological work. Jin Binghua, member of the Standing Committee of the Shanghai Municipal Party Committee and head of the municipal propaganda department, Vice Mayor Gong Xueping, and other officials attended the meeting.

Shanghai Mayor Speaks on Economic Legislation
OW0702040794 Shanghai WEN HUI BAO in Chinese
 26 Jan 94 p 1

[Unattributed report: "Huang Ju Calls For Quickening the Pace of Government Economic Legislation; He Says: The Basic Principle for Doing Shanghai's Work Well Is To Take Reform as the Motive Force, Development as the Target, Make Stability the Foundation, and Legislation Serve As the Guarantee"]

[Text] At the legal work conference of the Shanghai Municipal Government on 25 January, Mayor Huang Ju made an important report entitled: "Quicken the Shanghai Government's Pace of Economic Legislation and Strive To Create a New Situation in Government Legislation Work." In the report, the mayor expounded the guiding ideology for the Shanghai government's legislation work in the next few years, its work target, and main tasks.

Huang Ju said: Our basic principle for doing various fields of work in Shanghai is to take reform as the motive force, development as the target, make stability the foundation, and legislation serve as the guarantee. He said: With the further deepening of reform, economic construction in Shanghai has been upgraded to a new level. As laws are the guarantee for the operation of a modern market economy, we should begin from a high starting point to undertake a project for securing Shanghai's socialist market economic structure. Huang Ju stressed: To carry out this "guarantee project," we must concentrate on three tasks. This means we must draw up a plan, establish standards for 10 areas of work, and fulfill the tasks of drafting approximately 100 laws and regulations, enacting them, and revising them each year. This year, Shanghai will draw up a fairly scientific and feasible government economic legislation plan suitable to the establishment of a socialist economic market

structure, and strengthen overall guidance and coordination in connection with this plan. The standards for the 10 areas of work are: 1) The establishment of a modern enterprise system and adjustment of the relationship among the main bodies in the market; 2) the administration and management of state-owned assets; 3) cultivating and developing all types of commodity markets and markets for production elements; 4) improving and strengthening macroeconomic regulation and control, and promoting coordinated development of the economy; 5) establishing a rational individual income distribution system and improving the social security system; 6) opening wider to the outside world and utilizing foreign capital; 7) accelerating the opening up and development of the Pudong New District; 8) developing and administering the markets intermediate organizations; 9) accelerating urban construction and strengthening urban administration; and 10) developing and administering such social undertakings as science, technology, education, culture, and public health.

Huang Ju pointed out: To strengthen the building of a legal system by the government, we must handle the following four relationships well: First, we must handle the relationship between legislation and administrative law-enforcement well. Legislation and law enforcement must not be separated because they form an entity. While stepping up legislation work, the government must concentrate on administrative law enforcement and overcome the failure to abide by the law, lax law enforcement, and letting law-breakers go free. Second, we must handle the relationship between transforming government functions and strengthening government law institutions well. Third, we must handle the relationship between government law administrative work and the launching of theoretical research on the government's legal system. We should take advantage of Shanghai's superiority in professional personnel to conduct a study and exploration with the help of experts and scholars to determine what problems need urgent solution in the course of Shanghai's reform and opening to the outside world. Fourth, we must handle the relationship between legal work and other government work well. In carrying out government legal work, it is necessary to listen to opinions from all quarters, and to fully embody and reflect the will of the people to find a new way of conducting government-level work by relying on social forces. Huang Ju said: In carrying out government legal work, such as the drawing of legislation plans, studying of problems, and exposition of laws and regulations, it is necessary to give full play to the role of experts. He said he welcomes more experts to participate in government legislation work.

The conference was presided over by Vice Mayor Xu Kuangdi. He set some requirements for implementing the guidelines of the conference and for further strengthening government legislation work. Xie Tianfang, director of the Office of Legal System under the municipal government, delivered a speech on the government's legislation tasks and legislation plans for 1994. Shi

Zhusan, vice chairman of the municipal committee of the Chinese People's Political Consultative Conference, attended the conference.

Zhejiang To Invest in Ocean Resources

HK0702004094 Beijing ZHONGGUO XINWEN SHE
in English 0523 GMT 5 Feb 94

[Text] Hangzhou, February 5 (CNS)—Zhejiang Province will promulgate policies aimed at encouraging foreign investment in developing its ocean resources.

First, with regard to foreign investment in the construction and running of ports and docks and extension of operational terms, foreign investors may apply for approval to run such business for more than 30 years. Those running such businesses for more than 15 years will be exempt from tax from the first to the fifth year after earning profits and will pay only half the tax levied for the next five years.

Second, as for foreign investment in shallow waters and shore development, leasing, transferring renting and buying shares in enterprises may be allowed and the operational term rights will be 30 to 50 years. Foreigners investing in aquatic breeding can enjoy the same preferential treatment set for agricultural development zones.

Third, tourism and entertainment facilities on the adjacent islands invested in by foreigners can be built up by Sino-foreign-funded, Sino-foreign cooperative and solely-foreign-funded form of enterprise.

Fourth, real estate developed by Sino-foreign-funded and cooperatively-owned enterprises may be sold both within the country and abroad.

Zhejiang Becomes Key Petrochemical Production Base

OW0702024294 Beijing XINHUA in English 0218
GMT 7 Feb 94

[Text] Ningbo, February 7 (XINHUA)—Ningbo, one of China's open coastal cities, in Zhejiang Province, has developed into a key petrochemical production base.

The city has made full use of its natural deepwater port to house large modern petrochemical plants, including the Zhenhai Petrochemical Joint Enterprise and the Zhejiang Pacific Ocean Chemical Company Ltd.

One of China's 500 largest industrial enterprises, the Zhenhai plant now has an annual processing capacity of seven million tons of crude oil, as well as 300,000 tons of synthetic ammonia and 520,000 tons of urea.

The provincial and city governments and the China Petrochemical Corporation have decided to jointly build a catalytic cracking plant with an annual production of 600,000 tons this year.

In addition, Ningbo has opened an petroleum futures market specially for these petrochemical enterprises.

Central-South Region

Guangdong Imports Grow Faster Than Exports

HK0402140094 Hong Kong ZHONGGUO TONGXUN
SHE in English 1101 GMT 4 Feb 94

[Text] Guangzhou, February 4 (CNS)—Director of the Guangdong Provincial Foreign Trade and Economic Commission, Mr. Xu Dezhi, revealed here today that Guangdong saw the growth of its imports higher than that of its exports in the past 15 years in spite of the gross value of exports being greater than that of imports in this period.

The gross value of exports was put at US\$27 billion last year in the province and the gross value of imports at US\$19.1 billion, respective increases of 46 percent and 71 percent over the year before.

In the past 15 years, the province's exports were US\$113 billion while its imports were US\$49.9 billion, respective growths of 21.8 percent and 35.2 percent each year on average.

The province has to date used US\$29.4 billion of foreign capital with US\$9.6 billion being introduced last year.

Guangdong Plans More Telecommunications Investment

HK0402140894 Hong Kong ZHONGGUO TONGXUN
SHE in English 0858 GMT 4 Feb 94

[Text] Guangzhou, February 4 (CNS)—Guangdong will pledge RMB (renminbi) 8 billion of investment in posts and telecommunications this year in order to speed up construction in this sector.

The province's tasks set for this year are the setting up of new switchboards capable to handling 2.5 million telephones, an increase of 36,000 long-distance telephone lines, 600,000 mobile telephones, 50,000 relay telephone lines for rural areas, 110 postal vans and the opening of 200 new post offices, all set to realize RMB 12 billion of business income from this sector, 42.6 percent up over last year. The main projects in this sector in the province this year will include the laying of 28 optical-fibre cables including those between Guangzhou and Macau and from Guangzhou to Shantou, a project for a telephone switchboard system in Guangzhou, a project for long-distance data-transmission in the province as well as work on the improvement of mail-handling equipment in Guangzhou, Zhanjiang and Foshan.

At present, the province has a telephone switchboard capacity of five million lines, about 20 percent of the country's total and 2.25 million actual users of such phones while there are 215,000 users of mobile phones, 45 percent of the total in the country. Telephone-subscribers have now reached six percent of the total population in the province with those in Guangzhou put at 15 percent of the city's total residents.

Hainan's Haikou Reports Economic Growth

HK0402142594 Hong Kong ZHONGGUO TONGXUN
SHE in English 1101 GMT 4 Feb 94

[Text] Haikou, February 4 (CNS)—Haikou, capital of Hainan Province, made great efforts in speeding up reform and expanding its opening to the outside world last year, making noticeable achievements with sharp growth in various main economic indicators over the year before.

Initial statistics show that the gross domestic product was RMB [renminbi] 7 billion last year, a rise of 45.3 percent over the previous year and local financial revenue RMB 1.5 billion, an increase of 108 percent. The total industrial output value was RMB 4.2 billion, 50.1 percent up over the year before and the gross agricultural output value RMB 110 million, 5.8 percent.

The city took a great step forward in reform last year by copying international practice in the restructuring of its administration of taxation and combining taxation and banking services, the main content of the taxation reform nationwide. The city also went further in improving its registration system for legal persons of particular enterprises as well as the practice for the examination of assets while at the same time enhancing the scope of opening for investment by foreign businessmen.

The total pledged investment value for either foreign-funded or domestically-funded items was put the RMB 8.601 billion, 72 percent up over the previous year. A number of markets were set up, especially the operation of the Haikou Trading Centre covering production means, real estate, employment agencies, technology, investment service and import, as well as export commodities, thereby pushing forward exploitation of the market economy. The Haikou Bonded Area registered 74 enterprises last year, 19 of which were foreign-funded with a gross value of US\$32.75 million and RMB 338 million.

Haikou also saw massive urban construction last year, setting a record in terms of its scale. The input of capital for urban construction totalled RMB 388 million, a gain of 152 percent over the previous year. Construction started on 27 urban projects last year with completed items valued at RMB 290 million or a rise of 132 percent over the year before.

Hubei Sees Increase in Foreign Investment

OW0602125494 Beijing XINHUA in English 1242
GMT 6 Feb 94

[Text] Wuhan, February 6 (XINHUA)—Wudang Mountain, a well-known sacred site for Taoism, one of the predominant religions in ancient China, has become an ideal place of investment for more and more investors, especially those from overseas.

Situated in northwestern Hubei Province and on the southern bank of the Hanjiang River, the mountain is famous for its many historical associations, beautiful scenery, rich popular legends, unsophisticated local customs and rich reserves of medicinal herbs, as well as martial arts and Taoist music.

According to local officials, the Wudang Mountain area has signed more than 40 letters of intent for the establishment of foreign-funded enterprises, five of which are under construction.

As the local government has made painstaking efforts to upgrade transport and telecommunications links to the outside world, Wudang Mountain has also become a popular tourist attraction.

Wudang Mountain receives at least one million domestic and overseas tourists a year. So far, tourists from more than 50 countries and regions have visited the area.

Construction of several large tourism projects, including a "Water Amusement World on the Jianhe River" and a passenger cableway, has started in Wudang Mountain, with the purpose of further improving the environment for tourism.

Local officials added that they are presently working hard to list Wudang Mountain as one of the world's famous cultural heritages and historical towns.

Southwest Region**Two Vessels Collide on Chang Jiang**

OW0502055094 Beijing XINHUA in English 0540
GMT 5 Feb 94

[Text] Chengdu, February 5 (XINHUA)—One person died and 100 others are missing following a collision between two vessels on the Chang Jiang river in southwest China's Sichuan Province.

The passenger ship "Chuanyun 21" of the Sichuan Provincial Shipping Company and a barge belonging to the Chongqing Chang Jiang Shipping Company were involved in the accident near Wanxian county port at 1955 February 1.

The "Chuanyun 21" capsized at once and sank in three minutes. All its 178 passengers and crew members fell into the water.

So far, 77 have been rescued alive.

According to local sources, some 70 percent of the passengers on the "Chuanyun 21" were migrant workers from Wanxian, Peiling, Qianjiang and Chongqing who were on their way home for the spring festival.

Provincial officials and over 30 boats rushed to the scene of the accident for the rescue work right after the capsizing.

Tibet Holds New Year Reception

OW0602024894 Lhasa Tibet Television Network in Mandarin 1200 GMT 4 Feb 94

[Announcer-read report over video from the "Regional News Hookup" program]

[Text] The autonomous regional party committee's united front work department on 3 February held a reception to ring in the new year for people of all nationalities from all walks of life. Autonomous regional party, government, and military leaders Gyaincain Norbu, Basang, Lieque, Puqung, Sengqen Lozong Gyaincain, Samding Doje Pamo, Luosang Danzeng, Jangzhong Zhaxi Doje, Lhamin Soinam Lhunzhub, Jimzhong Gyaincain Puncog, Lhalu Cewang Doje, Tangmai Gongjue Baimu, Gonbasar Tubdanjigzha, Cedain Zhoima, Hu Yongzhu, and Ga Jin ushered in the new year with people from all walks of life.

Basang, deputy secretary of the autonomous regional party committee, extended new year's greetings to people from all walks of life on behalf of the autonomous regional party committee, the autonomous regional people's congress, the autonomous regional government, and the autonomous regional committee of the Chinese People's Political Consultative Conference. She said: At this moment, we especially cherish the memory of the 10th Panchen Lama. He was a great patriot and a banner for our united front. Although it has been five years since his death, his patriotic spirit, as well as his spirit of working hard for the country and the people, always deserves to be emulated and always inspires us to move forward. We also miss our Tibetan compatriots who are living in exile abroad. We hope that the Dalai Lama will end his exile at an early date, return to the motherland, contribute to the motherland's unity, national unity, and economic development; and do useful work to promote the Tibetan people's prosperity and happiness.

Tibet Promotes Growth of Private Sector

OW0602014494 Beijing XINHUA in English 0122 GMT 6 Feb 94

[Text] Lhasa, February 6 (XINHUA)—The government of the Tibet Autonomous Region has promoted its economic growth through the expansion of its non-public sectors.

Last year the regional government took measures to promote the development of rural industry, collective business, private economy and foreign-funded enterprises.

Statistics show that in 1993, the number of self-employed households in Tibet reached 41,800. The number of employees of the households reached 65,600 and the registered capital was 174 million yuan, respectively increasing by 74 and 72 percent over the previous year.

Now, Tibet has 60 private enterprises with registered funds totalling 13.30 million yuan.

The rural industry in Tibet saw rapid development. Last year, there were more than 9,000 rural enterprises with 51,000 employees. The output value of the enterprises was about 100 million yuan.

The regional government issued a series of preferential policies to encourage foreign investment in the energy industry, telecommunications and transportation, processing of farming and local products and tourist services.

The number of foreign-funded enterprises increased from six to 27 last year and the registered funds amounted to 24.75 million U.S. dollars.

Guizhou Sees Increase in Foreign Investment

OW0602024394 Beijing XINHUA in English 0151 GMT 6 Feb 94

[Text] Guiyang, February 6 (XINHUA)—Latest statistics from the provincial government of inland Guizhou Province in southwest China show that the province approved the setting up of 500 foreign-funded enterprises last year.

The enterprises involved a total of 42.9 million U.S. dollars of foreign investment, up by 117 percent over the previous year. Altogether the province has 816 foreign-funded enterprises so far.

Government officials attribute the investment boom to the improvement of its investment environment. The province fully upgraded its telecommunications and power facilities last year.

The officials say that more foreign investment is flowing into the province's remote mountain regions and areas inhabited by minority nationalities to tap rich natural resources.

The investors, coming from 23 countries and regions, are expanding their businesses to industry, real estate development and everyday services for residents.

Last year, foreign trade of the foreign-funded enterprises hit more than 38 million U.S. dollars, taking up half of the province's total.

Northeast Region

Reportage on Activities of Heilongjiang Secretary

Visits Petrochemical Workers

SK0502053694 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 4 Feb 94

[Text] On 4 February, Sun Weiben, secretary of the provincial party committee, and Wang Xinmin, standing committee member of the provincial party committee,

expressed solicitude for workers in the first line of Daqing Oil Field. During their in-depth investigation and study, they stressed the necessity of building the petrochemical industrial base and accelerating the development of alternative industries.

Attends Spring Festival 5 Feb

SK0602070194 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 5 Feb 94

[Text] On 5 February, the provincial committee of Chinese People's Political Consultative Conference [CPPCC] and the united front work department under the provincial party committee jointly held a Spring Festival tea party for the figures on various circles. At the party, noted figures of various democratic parties, noted personages without party affiliation, members of the National CPPCC Committee living in Harbin, pertinent responsible comrades of the provincial party committee, the provincial people's congress standing committee, and the provincial government, and patriotic figures from various circles met together to celebrate Spring Festival.

On behalf of the provincial party committee and the provincial government, Sun Weiben, secretary of the provincial party committee, paid Spring Festival calls to all figures participating in the party and expressed heartfelt thanks and deep respects for the hard work done in the past year by various democratic parties, industrial and commercial federations, nonparty figures, and the friends on various circles of society. He said: Over the past year, the vast numbers of cadres and the masses in the province made great efforts to study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, went all out to help implement the 12 major events defined by the provincial party committee, around the establishment of the socialist market economic structure, and made great efforts to overcome the difficulties in systems, structures, funds, and transportation, thus promoting economic development, political stability, national unity, and social progress of the province.

Sun Weiben said: In 1994, China's economic reform will step on a new stage that is as extensive and profound as never before. For the province's economy that has been seriously bound up by the traditional planned economic structure, it will be a new opportunity of development. It requires the people throughout the province and the figures on all circles to enhance morale and surmount difficulties with one heart and one mind in an effort to make Heilongjiang vigorous and strong.

Sun Weiben expressed hope that all democratic parties, industrial and commercial federations, and nonparty personages would utilize their wide contacts with domestic and overseas areas and their advantages in talents and knowledge to make new contributions to invigorating Heilongjiang's economy and bring benefits to Heilongjiang's people.

Zhou Wenhua, chairman of the provincial CPPCC committee, presided over the party. Attending the party were provincial leaders Shao Qihui, Tian Fengshan, Shan Rongfan, Wang Tianmin, Yu Jingchang, Li Genshen, Qi Guiyuan, Cong Fukui, Huang Feng, Dai Moan, Fu Shiying, Guo Shouchang, Chen Wenzhi, Han Bangju, Zhao Shijie, Chen Zhanyuan, Wang Zhitian, and Wu Dinghe. Also attending were leaders of the provincial military district and the People's Liberation Army units stationed in the province, including Wang Guiqin, Dong Yisheng, and Luan Jinxiang. Also attending were provincial-level veteran cadres, including Zhao Dezun, Chen Lei, Li Jianbai, Wang Zhao, and Chen Jianfei. Also attending were former chairmen and vice chairmen of the provincial CPPCC Committee, including Zhang Rui-lin, Wang Minggui, Hong Jun, Bao Zong, Yang Ziyong, Wang Weizhi, Wang Fei, Tang Liandi, Li Min, Quan Yuxiang, and Meng Chuansheng.

Jilin Province Cracks Forged Banknotes Case

SK0502053594 Changchun Jilin People's Radio Network in Mandarin 2300 GMT 4 Feb 94

[Text] Recently, Jiutai city tracked down and cracked a case of forged banknotes. Criminal Ma Houjin and Zhang Dongen were apprehended for questioning. Some forged banknotes were discovered on their person. On 2 February, Ma Houjin and Zhang Dongen, peasants [words indistinct] of Jiutai city, were escorted to the public security organ after they were found to be buying cattle with forged banknotes. These two criminals were found by the public security personnel to be carrying 4,000 yuan in forged banknotes. According to the criminals, only 6,000 yuan in forged banknotes was used at the markets. During the first trial, it was uncovered that a total of 10,000 yuan in 100- and 50-yuan notes in forged banknotes was bought in Anhui Province. [words indistinct]. Further hearings will be held on this case.

Reportage on Activities of Liaoning Secretary

Visits Letters, Complaints Office

SK0702055694 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 5 Feb 94

[Text] On 2 February, accompanied by Xu Wencai, standing committee member and secretary general of the provincial party committee, and Wang Zhande, deputy secretary general of the provincial party committee, Gu Jinchi, secretary of the provincial party committee, visited working personnel of the letters and complaints offices of the provincial party committee and the provincial government and listened to the work reports made by responsible persons of these offices.

Gu Jinchi said: The letters and complaints work is an important work through which we can listen to the voice of the masses, rely on the masses, and maintain close ties with the masses. The masses can not only reflect their opinions and demands through the letters and complaints channels but also exercise supervision on cadres

and party members and provide good opinions for the party and the government. Letters and complaints departments should serve as good advisers to the party and the government, strengthen the letters and complaints work at the grass-roots level, and make grass-roots levels more capable of solving problems on the spot. Letters and complaints departments at all levels should pay attention to studying the new situation in reform and do an even better job to ensure smooth progress in reform. In addition, Gu Jinchu demanded that leading comrades at all levels wholeheartedly support the work of letters and complaints departments and create conditions for them to do their work well.

Addresses Veteran Cadres

SK0502053194 Shenyang Liaoning People's Radio
Network in Mandarin 1000 GMT 4 Feb 94

[Text] On the morning of 4 February, the provincial party committee and the provincial government held a Spring Festival tea party to entertain veteran Red Army men and veteran cadres of the provincial level. Over 500 veteran Red Army men and veteran cadres who previously worked for the provincial-level organs happily met together and extended greetings to each other. Gu Jinchu, secretary of the provincial party committee, and Dai Suli, former veteran leader of the province, gave speeches at the party.

There are some 190,000 retired veteran cadres in the province. Since last year, these veteran cadres have played an important role in maintaining political and social stability and building the socialist spiritual civilization.

On behalf of the provincial party committee and the provincial government, Gu Jinchu extended Spring Festival greetings to all veteran comrades of the province. After affirming the positive contributions made by veteran cadres in accelerating the province's reform and development, he pointed out: Now that we are precisely in the process of replacing the planned economy with the socialist market economic structure, the emergence of new contradictions and new difficulties is inevitable. Under the new situation, all levels of leaders should show concern for the weals and woes of veteran comrades and should do more tangible deeds for them. The first task we should do for veteran cadres after their retirement is to ensure that they spend their remaining years in happiness and good health. At the same time, we should arrange for them to attend study classes, show concern and love for them politically, and pay attention to making use of their role.

Dai Suli, former veteran leader of the province, also spoke at the tea party. He expressed hope that veteran cadres would study the Volume 3 of the *Selected Works of Deng Xiaoping* to keep pace with the development of the current situation. At the same time, he called on veteran comrades to make best possible use of their

remaining strength under the leadership of the provincial party committee and the provincial government so that they can truly have something to do in their old age.

Attends Spring Festival

SK0602105194 Shenyang Liaoning People's Radio
Network in Mandarin 1000 GMT 5 Feb 94

[Text] On the afternoon of 5 February, the provincial party committee and the provincial committee of Chinese People's Political Consultative Conference [CPPCC] jointly held the 1994 Spring Festival tea party for the personages on all circles at Shenyang Liaoning Mansion. Attending the party were provincial leaders Gu Jinchu, Quan Shuren, Yue Qifeng, Sun Qi, Wang Huaiyuan, Zhang Guoguang, Shang Wen, Li Guozhong, Xu Wencai, Wen Shizhen, Yu Junbo, and Xiao Zuofu, and some 200 personages from various circles.

Zhang Chenglun, vice chairman of the provincial CPPCC committee and director of the propaganda department under the provincial party committee, presided over the party. Sun Qi, chairman of the provincial CPPCC committee, delivered a speech. Gong Shiping, chairman of the provincial revolutionary committee of the Kuomintang, made a speech on behalf of the personages of various circles participating in the party.

Gu Jinchu, secretary of the provincial party committee, made a speech at the party. In his speech, Gu Jinchu reviewed the achievements scored by the province in economic construction in the past year. He pointed out: This year is critical to the province's reform, opening up, and modernization drive, is a year to implement the decision of the CPC Central Committee on some issues concerning the establishment of a socialist market economic structure, is a year to promote the package economic structural reform and make breakthroughs in key areas, and is most important year enabling us to advance on the crest of victory and accelerate development. We should firmly and unswervingly implement the party's basic line, deepen reform, expand opening up, persistently strengthen the fundamental position of agriculture, invigorate large and medium-sized enterprises, develop new economic growing points, effect a sustained, rapid, and sound development of the province's national economy, and ensure that the province's GNP will show a two digit increase and will attain or surpass the national level.

Gu Jinchu said: The system of multiparty cooperation and political consultation under the leadership of the CPC is a political system of our country, is one of the major contents of the socialist democratic system, and is an important component of the establishment of the socialism with Chinese characteristics. The CPPCC has assembled the noted figures of all democratic parties, noted nonparty figures, and noted personages of all nationalities on all circles and fields. Over the past year, the CPPCC has performed the functions of political consultation and democratic supervision and done a lot of fruitful work for building the province's material and

spiritual civilizations. In this new year, it should continue to strengthen the close cooperation with all democratic parties and all nonparty patriotic personages in line with the principles of long-term coexistence, mutual supervision, showing utter devotion to each other, and sharing honor or disgrace in an effort to create new achievements for fulfilling the magnificent goal of the

second pioneering program and revitalizing Liaoning and for revitalizing the Chinese nation and realizing the reunification of the motherland.

Art workers participating in the party staged performances for the participants.

Tang Shubei Says Meetings Between ARATS, SEF 'Fruitful'

OW0402150094 Beijing XINHUA in English 1415
GMT 4 Feb 94

[Text] Beijing, February 4 (XINHUA)—The Association for Relations Across the Taiwan Straits (ARATS) on the Mainland and the Taiwan-based Straits Exchange Foundation (SEF) have made great achievements during four days of discussions here, smoothly solving three issues of routine affairs, including the repatriation of hijackers.

Tang Shubei, executive vice-president of ARATS, and Zou Zhekai, vice-president and secretary general of ARATS, held meetings with Chiao Jen-ho, vice-chairman and secretary general of SEF, in Beijing on February 1-4.

After four days of discussions, they reached understandings on many important issues.

First, both sides feel that they have reached understanding on three issues of routine affairs, namely, the repatriation of hijackers, the treatment of maritime fishing disputes and the issue of sending back other personnel who cross the straits in violation of relevant regulations.

They said that this has laid a good foundation for the fourth working meeting between the two organizations to be held soon and the signing of a written agreement.

Both sides have agreed to hold the fourth working meeting on the three issues in late March in Beijing, at which a draft agreement will be decided upon between the two bodies.

Chiao Jen-ho hoped that Tang Shubei and his counterparts with ARATS will proceed to sign a formal agreement on the basis of the draft in Taipei.

Second, also during the March meeting, the two bodies will discuss other unfinished issues included in the agreement reached between ARATS President Wang Daohan and SEF Chairman Koo Chen-fu last year. The issues will include the protection of intellectual property rights on the two sides across the Taiwan Straits, contacts and mutual aid between courts on the two sides across the Taiwan Straits and joint operations against maritime smuggling, robbery and other criminal activities. Besides, they will formally discuss issues of economic exchange and cultural, educational, scientific and technological exchanges.

Third, Tang Shubei presented a letter to Chiao on behalf of ARATS President Wang Daohan to invite SEF Chairman Koo Chen-fu to meet on the Mainland.

Chiao Jen-ho said he would actively create conditions for the meeting between Wang and Koo. The time and venue of the Wang-Koo meeting will be discussed at the March meeting.

Fourth, the two sides agreed to work together to properly handle inherited property of those who left the mainland before the founding of the People's Republic of China in 1949.

During the meeting this afternoon, they agreed to publish a joint news release about their achievements. Each side has designated a vice secretary general to be in charge of the drafting of the news bulletin, which will be issued tomorrow.

The discussions were fruitful and lived up to the expectations of the Chinese on both sides of the Taiwan Straits, Tang Shubei said at a press conference after the meeting.

During the four days of discussions, each side deepened its trust of the other and had a better understanding of the other's viewpoints, Tang said.

The results of the talks proved once again that high-level exchanges were very important, Tang said. Such exchanges can deepen trust on a higher level and solve differences which are not problems they appear to be, he said.

XINHUA Views Conclusion of SEF, ARATS Talks

OW0502044394 Beijing XINHUA Domestic Service in Chinese 1333 GMT 4 Feb 94

[By reporters Fan Liqing (5400 7787 7230) and Fang Jin (2455 3866)]

[Text] Beijing, 4 Feb (XINHUA)—The meeting on issues of routine affairs between Tang Shubei, executive vice president of the Association for Relations Across the Taiwan Straits (ARATS), and Zou Zhekai, vice president and secretary general of ARATS, on the one hand; and Jiao Renhe (Chiao Jen-ho), vice chairman and secretary general of the SEF (Straits Exchange Foundation), on the other, which began on 1 February, ended today after reaching a consensus. Both sides will hold the fourth round of talks in late March this year in order to reach a consensus on the text of the agreement on the three issues of routine affairs.

Following conclusion of the talks, Tang Shubei said that after four days of earnest discussions and common efforts, both sides had reached understandings on the following issues:

1. Both sides feel that they have reached a wide range of understanding on three issues of routine affairs, including the "repatriation of hijackers," the "repatriation of personnel who enter the other side's territory in violation of relevant regulations and other related questions," and the "handling of maritime disputes in the Taiwan Straits." Both sides agreed that this has laid a good foundation for the holding of the fourth round of talks and the signing of a written agreement. Both sides have agreed to hold a meeting at the vice secretary

general level in Beijing in late March in order to reach a consensus on the draft agreement on the three issues. Jiao Renhe hoped that Tang Shubei and his ARATS counterparts will proceed to sign a formal agreement in Taipei on the basis of the draft agreement.

2. Both sides have also agreed that during the fourth working meeting to be held in late March between the two organizations, both sides will hold formal discussions on other topics included in the "Joint Agreement on the Wang-Gu [Ku] Talks." The topics of discussions will include the protection of intellectual property rights; joint operations against maritime smuggling, robbery, and other criminal activities in the Taiwan Straits; and economic, scientific, and technological exchanges and cooperation.

3. Entrusted by ARATS President Wang Daohan, Tang Shubei handed Wang's letter to Jiao Renhe on 1 February, inviting SEF Chairman Gu Zhenfu [Gu Chen-fu] to visit the mainland this year. Jiao Renhe said he would actively create conditions for the second meeting between Wang and Gu. The time and venue of the Wang-Gu meeting will be discussed at the March meeting.

4. The two sides also agreed to assist each other in the handling of the inherited property of some of the personnel who left the mainland for Taiwan [before 1949].

On the basis of reaching the above understandings, both sides will publish a news release tomorrow.

Tang Shubei said after holding discussions, both sides have enhanced mutual understanding and promoted the formation of consensus. This fact shows once again that high-level face-to-face meetings are very important because it is conducive to increasing mutual trust and reaching mutual understanding. The current visit to Beijing by Jiao Renhe for discussions in this meeting was absolutely necessary. He said it is in this scene that President Wang Daohan has invited Chairman Gu Zhenfu to visit the mainland.

After the conclusion of the talks, Jiao Renhe also said: The method and attitude adopted by both sides for discussing issues were conducive to their solution. After long hours of discussions, both sides have reached an understanding. They will proceed quickly to make arrangements for the next round of consultations on issues of routine affairs.

XINHUA Publishes News Release Text

OW0502162594 Beijing XINHUA Domestic Service in Chinese 0854 GMT 5 Feb 94

["Full Text" of the "Joint News Release by Mr. Tang Shubei and Mr. Jiao Renhe, Chiao Jen-ho, after Their Talks" in Beijing on 5 February]

[Text] Tang Shubei, Association for Relations Across the Taiwan Strait [ARATS] executive vice chairman, Zou Zhekai, ARATS vice chairman and secretary general,

and Jiao Renhe, vice chairman and secretary general of Taiwan's Straits Exchange Foundation [SEF], which is a consortium of legal persons, held talks in Beijing from 1 to 5 February on ARATS-SEF affairs, routine affairs, and relevant issues. Both sides reached a consensus on the following issues:

1. Both sides believe that ARATS and SEF should avoid political issues in a practical attitude when holding talks on routine affairs. Both sides have discussed three topics on routine affairs, including the "Repatriation of Personnel Who Have Entered Into the Area of the Other Side in Violation of Relevant Regulations, and Related Issues," and have reached a high degree of consensus, but they still should make efforts to iron out certain differences so as to reach an agreement in writing as soon as possible. Both sides have decided through consultation to hold the fourth round of talks on routine affairs in Beijing in late March and have decided that, after an agreement is reached in the talks, it will be signed by ARATS and SEF responsible persons in Taipei [Taipei]. During the fourth round of talks on routine affairs, both sides will exchange views or hold discussions on "Joint Operations Against Smuggling, Robbery, and Other Criminal Activities at Sea," "Cross-Strait Protection for Intellectual Property Rights (Intelligence Property Rights)," "Cross-Strait Contacts and Assistance Between Related Law Courts (Mutual Assistance Between Judicial Organs on Both Sides of the Taiwan Strait)," and certain economic, scientific, and technological topics included in the "Joint Agreement Reached by Wang-Gu [Ku] Talks."

2. Both sides have decided through consultation on the "Measures Facilitating the Entry and Exit by ARATS and SEF Affairs Working Personnel," and have decided to implement them by treating the exchange of correspondences through mail as taking effect.

3. Both sides have agreed in principle to increase the categories of copies of notarization documents according to the second article of the "Cross-Strait Agreement on the Verification of Notarization Documents." Specific items will be decided upon through another consultation.

4. Both sides are willing to assist each other on issues relating to the Cross-Strait inheritance of property.

5. Both sides have agreed they will continue to promote the activities of mutual visits by responsible persons of the media, reporters, and scientific and technological personnel as well as the exchange of teenager.

Both sides will continue to implement all the agreements reached by the "Wang-Gu talks," maintain a smooth channel for ARATS-SEF contacts and talks, and create favorable conditions for the second "Wang-Gu talks."

'Joint News Release' on Talks

HK0502090094 Beijing ZHONGGUO XINWEN SHE
in Chinese 0725 GMT 5 Feb 94

[By reporter Lu Junjun (7120 8823 8823): "The Association for Relations Across the Taiwan Strait and the Straits Exchange Foundation Issue a Joint News Release on Talks Between Mr. Tang Shubei and Mr. Chiao Jen-ho"]

[Text] Beijing, 5 Feb (ZHONGGUO XINWEN SHE)—Tang Shubei, executive vice chairman of the Association for Relations Across the Taiwan Strait [ARATS], and Chiao Jen-ho, vice president and secretary general of the Straits Exchange Foundation [SEF], signed a "Joint News Bulletin on the Talks Between Mr. Tang Shubei and Mr. Chiao Jen-ho" this morning.

The content of the joint news bulletin is as follows:

Tang Shubei, executive vice chairman of the ARATS, and Zou Zhekai, vice chairman and secretary general of the ARATS, held talks with Chiao Jen-ho, resident vice president and secretary general of the corporate SEF, in Beijing from 1 to 5 February, discussing topics concerning the operation of the two organizations, other operational matters, and other issues. The two sides have reached a common understanding as stated below:

1. Both sides maintain that they should adopt a pragmatic attitude and avoid political issues in the talks between them on operational matters. The two sides have just discussed three topics concerning operational matters, including the "issue of repatriation of personnel entering the other side's domain in violation of the relevant regulations and other concerned matters." They have reached a very close, common understanding in this regard, but efforts have yet to be made to iron out some differences between them so that a written agreement can be concluded as soon as possible. The two sides have agreed to hold the fourth round of talks on operational matters in Beijing in the latter half of March, and an agreement, if concluded, will be signed by the persons in charge of the two parties in Taipei. During the fourth round of talks on operational matters, the two sides will also exchange views on or discuss the following areas: The issue "of joint operation against smuggling and robbery at sea and other criminal activities," the issue of "mutual protection of intellectual property rights," "contact and mutual assistance between courts on the two shores of the strait (mutual assistance between judicial organs on the two shores of the strait)," and certain topics concerning the fields of economy and science and technology that are listed in the "Joint Agreement of the Wang Daohan-Ku Chengfu talks."

2. The two sides have agreed on the "procedures to accommodate exchange of visits by staff of the ARATS and the SEF between the two shores," which have come into effect by an exchange of documents.

3. The two sides have agreed in principle to expand the range of variety of copies of notarial documents to be exchanged between the two shores, in accordance with Article 2 of the "Agreement on the Use and Verification of Notarial Documents Between the Two Shores." Further discussion will be held to set out detailed procedures.

4. The two sides will extend assistance to each other on inheritance matters.

5. The two sides have agreed to make continued efforts this year to promote exchanges of visits between mass media leading staff members, young people, and scientific and technological personnel on the two shores of the strait.

The two sides will continue to comprehensively implement all the agreements concluded through the Wang Daohan-Ku Chengfu talks, keep the contact and negotiating channels operating smoothly between them, and thus pave the way for the second Wang Daohan-Ku Chengfu talks.

XINHUA Views News Release

OW0502142294 Beijing XINHUA in English 1408
GMT 5 Feb 94

[Text] Beijing, February 5 (XINHUA)—ARATS and SEF today published a joint news release listing five understandings on Taiwan Straits matters, reached in their five days of talks here.

Tang Shubei, executive vice-president of the Association of Relations Across the Taiwan Straits (ARATS) on the mainland, and Chiao Jen-ho, vice-chairman and secretary general of the Taiwan-based Straits Exchange Foundation (SEF), signed the release today after five days of discussions.

The five understandings listed by the news release were:

First, both sides agreed that sensitive political issues should be avoided in a pragmatic manner in discussing routine matters.

They discussed three routine issues, including the repatriation of personnel who cross the Taiwan Straits in violation of relevant regulations and related issues, and have reached deep common understanding on them, the news release said.

However, they will step up efforts to solve some remaining differences so as to reach a written agreement as soon as possible, the release said.

They have agreed to hold their fourth talks on routine matters in late March in Beijing and sign an agreement in Taipei, if an agreement is reached. During the fourth talks, they will discuss jointly fighting against maritime smuggling, piracy and other criminal activities, the protection of intellectual property rights on the two sides of the Taiwan Straits, contacts and mutual aid between courts on both sides of the straits, and some economic,

scientific and technological issues included in an agreement between ARATS President Wang Daohan and SEF Chairman Koo Chen-fu last year.

Second, the two organisations agreed on methods to facilitate entrance and exit of personnel across the Taiwan Straits, which will be enforced in the form of an exchange of letters.

Third, both sides agreed to increase the variety of duplicates of legal deeds to be sent to the other side of the Taiwan Straits. Details will be discussed later.

Fourth, both sides agreed to provide mutual help to resolve issues concerning inheritance.

Fifth, the two organisations agreed to promote mutual visits between news media officials, journalists, youth, and scientific and technological personnel.

They also said that they would thoroughly carry out various agreements reached during the Wang-Koo talks last year, keep in contact with each other and keep a smooth channel of talks to create favorable conditions for the second Wang-Koo meeting.

The news release was drafted by two vice-secretary generals appointed by ARATS and SEF last night. Tang Shubei and Chiao Jen-ho signed it after a discussion this morning.

Communique Indicates 'Progress'

HK0502071694 Hong Kong AFP in English 0652 GMT 5 Feb 94

[Text] Beijing, Feb 5 (AFP)—Chinese and Taiwan negotiators signed a joint communique here Saturday, indicating progress on a series of bilateral disputes and the possible signing of a written accord in late March.

The communique came at the end of four days of talks here between Taiwan's semi-official Straits Exchange Foundation (SEF) and its mainland counterpart, the Association for Relations Across the Taiwan Strait (ARATS).

While a "high-level of understanding" had been reached on certain issues, further efforts are needed to overcome remaining differences "so as to reach a written agreement as soon as possible," said the communique, signed by SEF and ARATS vice-chairmen Chiao Jen-ho and Tang Shubei.

Both sides have agreed to hold further working-level negotiations in Beijing during the last 10 days of March. Any agreement arising from those talks will then be signed in Taipei by the two vice-chairmen.

In a clear reference to the thorny question of Taiwan handing over mainland hijackers, the communique said only that a degree of consensus had been reached on the need to repatriate those who crossed the Taiwan Strait illegally.

The word "hijackers" was noticeably absent from the text, indicating continuing disagreement over the key issues of jurisdiction and sovereignty that have dominated the divisive repatriation dispute.

While both sides agree in principle that mainland Chinese who divert planes to the Nationalist island should eventually be repatriated, Beijing is unwilling to recognize Taipei's rights of jurisdiction in dealing with the hijackers.

China views Taiwan as a renegade province and refuses to take any steps that may be construed as a recognition of the island as a political entity.

However, Tang had said Thursday that the latest negotiations had seen "differences shrinking" over repatriation, illegal immigrants and fishing disputes.

The communique stressed that future negotiations should focus on the practicalities of cross-strait relations and avoid sensitive legal or political issues.

According to the communique, the March talks will focus on combatting piracy, strengthening intellectual property rights and enhancing judicial cooperation.

They will also discuss a second summit meeting between the SEF and ARATS chairmen, Ku Chen-fu and Wang Daohan, who last met in Singapore in April.

Both sides also agreed to promote scientific and technological exchanges and reciprocal visits by Chinese and Taiwan journalists.

Chinese nationalists fled to Taiwan in 1949 after losing a civil war to the communists on the mainland. Beijing and Taipei both claim to be the legitimate government of all China.

ARATS Vice Chairman Briefs Media on Talks With SEF

OW0602030694 Beijing XINHUA Domestic Service in Chinese 1337 GMT 5 Feb 94

[By reporters Fan Liqing (5400 7787 7230) and Fang Jin (2455 3866)]

[Text] Beijing, 5 Feb (XINHUA)—Tang Shubei, executive vice chairman of the Association for Relations Across the Taiwan Straits [ARATS], held a news conference this afternoon to field reporters' questions on his talks with Jiao Renhe [Chiao Jen-ho], vice chairman and concurrently secretary general of Taiwan's Straits Exchange Foundation [SEF], over the past five days. In assessing the talks, he said: The joint press release born of the talks summarizes the results of the talks between the two organizations in Xiamen and Taipei [Taipei] following the "Wang-Gu [Ku] talks." It has positive implications for strengthening cooperation between the two organizations and for developing cross-strait relations.

Tang Shubei said: Because the Taiwan authorities last year raised the question of "joining the United Nations," the Chinese Government released a white paper entitled "The Taiwan Question and Reunification of China," which led to a sharp political standoff between the two sides of the Taiwan Strait. Mr. Jiao Renhe's current visit to Beijing for talks was good for the two sides' eschewing political issues to settle routine matters. We have always called on the two organizations to hold talks in the spirit of respecting each other, holding consultations on an equal basis, seeking truth from facts, and seeking common ground while reserving differences. During five days of talks, the two sides constantly coordinated their actions and reshaped their opinions in light of the other side's views, thereby bringing about an outcome that is acceptable to both sides. This outcome, which was born of enhanced trust between the two sides, is, in turn, good for increasing mutual trust.

In response to questions on the significance of explicitly including in the joint press release plans for the two organizations to exchange views or hold talks on a number of economic, scientific, and technological issues during their fourth round of talks on routine matters, Tang Shubei said: ARATS has always called for incorporating the economic topics, outlined in the "Joint Agreement on the Wang-Gu Talks," in the agenda at the earliest possible date. Given the current political differences between the two sides of the Taiwan Strait, we believe that economic exchanges and cooperation can promote closer relations between the two sides and that shared economic benefits will widen our common political language. Talks between the two organizations currently stress the settlement of routine matters stemming from cross-strait exchanges. Although this is the duty of both organizations, we believe it is more important to promote the favorable development of cross-strait relations through contacts and cooperation between the two organizations. In this sense, economic topics represent a very important aspect and are forward-looking. The two organizations should actively promote the development of cross-strait economic exchanges and cooperation.

On the question of protecting Taiwan entrepreneurs' rights and interests regarding their investments on the mainland, Tang Shubei said: The mainland has drafted the "Law on Protecting the Investments of Taiwan Compatriots on the Mainland" after reviewing the 22-article regulations on encouraging Taiwan compatriots to invest on the mainland, after considering the views of the SEF and Taiwan entrepreneurs, and after repeatedly carrying out investigations and studies. Once it is approved by the National People's Congress Standing Committee, the law will serve as the single supreme law on the mainland that guarantees Taiwan entrepreneurs' investment rights and interests. We are not against holding discussions with the SEF on protecting Taiwan entrepreneurs' rights and interests. We also hope to include relevant economic topics during our fourth round of talks. In accordance with the principle of mutual benefit and reciprocity, we expressed our hope that Taiwan would open its markets to mainland products, loosen restrictions forbidding people from the mainland's industrial and business circles to visit Taiwan, and carry out cross-strait cooperation in labor services. On the basis of these moves, we do not exclude the possibility of signing a people-to-people agreement with the SEF on protecting Taiwan entrepreneurs' investment rights and interests.

Asked by a reporter about his impression of Jiao Renhe, the SEF vice chairman cum secretary general, Tang Shubei said: When I first met and talked with Mr. Jiao, I had the feeling that he, like his predecessors, was willing to actively promote the development of cross-strait relations. Despite our differing political stands, we share a desire to develop cross-strait relations. Consequently, the two sides were able to surmount difficulties and to reach several common understandings.

In response to the question of whether ARATS will set up an office in Hong Kong, Tang Shubei noted: ARATS has not considered this. The main targets of ARATS' contact are the SEF and various mass organizations and people from all walks of life in Taiwan. Now that the two organizations have established channels of communication and are in close contact, there is no need to set up a branch office in Hong Kong.

Government Views U.S. Senate Moves To Authorize Arms Sales

OW0502055594 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 3 Feb 94

[Report by Liu I-mei; from the "Hookup" program—recorded]

[Text] The U.S. Senate adopted 92-8 the \$12 billion State Department Authorization Act, which includes a bill submitted by Republican Senator Murkowski, chairman of the Senate Asia-Pacific Group, proposing the arms sale provision in the Taiwan Relations Act—which is related to the part on arms sales in the 17 August Communiqué signed between the United States and the Chinese Communists in 1982—be changed to permit an increase in defensive weapon sales to China [Taiwan], instead of gradually reducing them.

The Ministry of Foreign Affairs welcomed the move after the news was learned in Taipei. An official of the ministry said: Although the bill has not been adopted, it shows that the Senate has begun to highly assess the efforts made by our side following the break in Sino-U.S. diplomatic relations 15 years ago. The State Department [words indistinct]. The amendment bill concerning our country submitted by Murkowski also included the following issues: President Clinton should send cabinet-level officials to visit China [Taiwan]; discussion of the annual report on Sino-U.S. economic cooperation submitted by the State Department; and that Americans of Chinese origin should be allowed to stamp Taiwan as their place of birth in their American passports.

The official said: After the Senate adopted the authorization Act by an overwhelming majority, the Senate and House will hold separate meetings in the near future to deliberate the articles of the Authorization Act and the amendment bill. After a consensus is reached, the package will be sent to the White House to be signed by President Clinton. Once it is signed by the President, it must be carried out by administrative departments. [words indistinct]

Premier Lien Chan Urges Deng To Make 'Historic Decision'

HK0502083294 Hong Kong SOUTH CHINA MORNING POST in English 5 Feb 94 p 8

[By Dennis Engbarth in Taipei]

[Text] Taiwan's premier called on Chinese leader Deng Xiaoping to "make a historic decision" to promote unification and not annex Taiwan.

Speaking yesterday, premier Lien Chan stated that Taipei's mainland policy was based on the situation that "there is one China, but that it is divided" and that the "Republic of China" holds the power of rule over the "Taiwan, Penghu, Matsu and Kinmen area". He said: "There is no deep seated hatred between the peoples on

the two sides of the Taiwan Strait. Today's task is to create for the next generation a free, stable and prosperous future," the premier said.

Relations between Taipei and Beijing "should not be based on ideas of life or death (you die, I live) or on the big consuming the small or suffocating the other side," he added. "This would be not unification but annexation," Mr. Lien declared.

Mr. Lien said he doubted whether simply elevating the level of current talks between Beijing and Taipei would lead to realization of the five-point accord signed in Singapore last April between unofficial representatives from Beijing and Taipei.

While denying that Taipei was engaging in "money diplomacy," Mr. Lien acknowledged that "our biggest bargaining chip in foreign relations is our economic strength".

A key focus of Taipei's international thrust would be the so-called "Southern Policy" which aims to encourage Taiwan businessmen to invest in Southeast Asia. He said the policy came about because we "did not want to place all of its economic development on one place", referring to the growing trade and investment with mainland China.

The premier's trip to Malaysia and Singapore to promote the policy would be followed by a similar "vacation visit" by President Lee Teng-hui to Bali, Indonesia and Thailand next week, Taiwan diplomatic sources said.

Premier Expresses Hope To Sponsor Asian, East Asian Games

OW0502073494 Taipei CNA in English 0703 GMT 5 Feb 94

[By Debbie Kuo]

[Text] Taipei, Feb. 5 (CNA)—The Republic of China [ROC] will actively prepare to bid for the sponsorship of the Asian Games and the East Asian Games, Premier Lien Chan said Friday [4 February].

In his year-end news conference, Lien said upgrading sports facilities islandwide is one of the 12 major tasks the government will promote in the new year.

Better sports facilities, including hardware and software, will help Taiwan win its bid to host international sports activities, such as the Asian Games and the East Asian Games, Lien said.

An interministerial task force to help win sponsorship of the 2000 Asian Games and the 1999 East Asian Games was formally established Friday by the Executive Yuan.

The task force, in its first meeting Friday chaired by Vice Premier Hsu Li-teh, agreed to decide which city will host the games by March 31 and file the application to the Asian Olympics Committee by June 20.

The meeting also decided that athletes and sports staff from Mainland China, whether they are Chinese Communist Party members or not, need not report their exit and entry during the games.

And issues concerning national anthems and team flags will be handled according to Asian Olympics and international Olympics regulations, the task force said.

So far, both the capital city Taipei in the north and seaport city Kaohsiung in southern Taiwan have expressed strong desires to host the games.

Premier Lien Chan Tours Taipei Markets

OW0502133594 Taipei CNA in English 1244 GMT 5 Feb 94

[By Flor Wang]

[Text] Taipei, Feb. 5 (CNA)—Premier Lien Chan toured Taipei vegetable and fish wholesale markets early Saturday [5 February] morning to make sure a sufficient supply of the products exists for holiday demand.

After hearing a brief report by the government-funded Taipei Agricultural Products Company, which assured Lien that supplies of all products are sufficient, Lien expressed his satisfaction over the bounty and wished a happy New Year to all market workers.

In addition to raising questions about product prices and market administration, Lien told Taipei City Mayor Huang Ta-chou, who accompanied Lien during the inspection tour, that the city government should continue its efforts to promote automation of and direct sales from production sites to offer better service to consumers.

The supply of vegetables, fruit, fish and meat has increased by as much as 60 percent with the coming of the holidays, and the supply of flowers and potted plants—used for holiday ornamentation—has increased by 20 percent.

Calyx canthus, gladioli, chrysanthemums, lilies and anthuriums are especially popular this time of year, and their prices are an average of 10 percent higher than they were for last year's lunar new year.

This is the first time that Lien has toured the two wholesale markets since he assumed the premiership a year ago. The markets will close on Feb. 10, New Year's Day, and reopen on Feb. 15.

Meanwhile, the Department of Agriculture and Forestry under the Taiwan provincial government also instructed all county and city authorities to increase supplies of all kinds of necessities to satisfy the growing holiday demand.

Taipei, Beijing To Hold Another Round of Talks in March

OW0502082194 Taipei CNA in English 0800 GMT 5 Feb 94

[Text] Beijing, Feb. 5 (CNA)—Representatives from Taiwan and Mainland China Saturday [5 February] agreed to hold another round of talks in Beijing next month to resolve some technical issues arising from increasing bilateral exchanges in recent years.

The decision was announced in a joint news statement issued at the end of a five-day meeting here between officials from Taipei's Strait Exchange Foundation (SEF) and Beijing's Association for Relations Across the Taiwan Strait (ARATS).

Both sides agreed to skip "political issues" and adopt a pragmatic approach in future working-level talks so that several technical issues [words indistinct] resolved [word indistinct], according to the joint statement issued by SEF Vice Chairman and Secretary-General Chiao Jen-ho and ARATS Vice President Tang Shubei.

The statement said the [words indistinct] have reached consensus on such thorny issues [words indistinct] of mainland hijackers and illegal mainland immigrants as well as bilateral fishing disputes.

[Words indistinct] There are still some minor differences [words indistinct] of working-level talks.

[Words indistinct] produce concrete results, the statement said, a formal agreement will be signed in Taipei. Tang Shubei is likely to visit Taipei to sign the agreement.

Delegation Leaves Washington for New York

OW0502073094 Taipei CNA in English 0645 GMT 5 Feb 94

[By Bill Wang]

[Text] Washington, Feb. 4 (CNA)—A Republic of China [ROC] delegation, led by Kuomintang Secretary-General Hsu Shui-teh, left here Friday for New York after attending the national prayer breakfast and meeting extensively with administration officials, and congressional and political party leaders.

Before the prayer breakfast they met with President Bill Clinton and Vice President Al Gore, along with other foreign dignitaries.

In addition, the delegation met with administration officials, including Winston Lord, assistant secretary of state for Asian and Pacific affairs, congressional leaders, including Senate majority leader George Mitchell (D-Maine), Senate minority leader Bob Dole (R-Kan.), and party leaders, including Haley Barbour, chairman of the Republican National Committee, and Jim Brady and Debra Delee, both vice chairmen of the Democratic National Committee.

They fully expressed to them Taipei's desire to participate in the United Nations and discussed with them Sino-US ties and relations between the two sides of the Taiwan Strait.

In addition, two women members of the delegation, Helen Lin Shieh and Dr. Mu Ming-chu, both members of the National Assembly, met with several women lawmakers, including Sen. Nancy Kassebaum (R-Kan.) and

Rep. Eddie Johnson (D-Texas), and discussed with them the possibility of setting up an international women's parliamentarians group.

They also called at the National Democratic Club which pledged to support Taipei's bid to join the United Nations.

The delegation was seen off at the airport by Ding Mou-shih, Taipei's representative here.

Hong Kong

Business Community Hails End of Vietnam Trade Embargo

HK0502081094 Hong Kong HONGKONG STANDARD
in English 5 Feb 94 pp 1, 4

[Report by staff reporters]

[Text] The lifting of the 19-year United States trade embargo on Vietnam yesterday has been hailed as good news for Hong Kong—it is great for business and will help end the refugee problem.

Business leaders say the territory will benefit as Vietnam enters a new era of opportunity and prosperity. Hong Kong is already the second-biggest investor in Vietnam, while many U.S. and other foreign firms investing there will use Hong Kong as a springboard.

U.S. President Bill Clinton announced the end of the embargo yesterday. It was imposed in 1975 when U.S.-backed South Vietnam fell to the communist North.

Secretary for Security Alistair Asprey said the lifting of the embargo would show the 27,000 Vietnamese boat people in Hong Kong that "their future lies in Vietnam, not in a detention camp in Hong Kong. It will help get home the message that the Vietnam they left perhaps four, five years ago is different to the Vietnam today," he said. Mr. Asprey said he expected more Vietnamese to volunteer to go home, but cautioned it could still take two years before all were repatriated.

Since 1988, Hong Kong has given refugee status to only the 15 percent who could prove a justified fear of persecution. The rest are kept in closed camps and given cash incentives to go home. More than 41,000 boat people have volunteered to return home from Hong Kong. Nearly 13,000 more have been forcibly repatriated.

Meanwhile, Hong Kong traders were advised to move fast as the country opened up. Hong Kong Trade Development Council (TDC), executive director Francis Lo said: "Now is the time for Hong Kong companies to position themselves in that market so they can be ready to take full advantage of the lifting of the embargo." He said consumer products were especially in demand.

Mr. Lo said it would mean a new and important era of opportunity and prosperity in Vietnam. Despite the fact competition was bound to become more intense, Mr. Lo said the outlook for Hong Kong companies was encouraging. He stressed that the territory must move quickly in Vietnam to stay ahead of competitors from other Asian countries.

Hong Kong is Vietnam's biggest source of investment after Taiwan, after rising 51 percent to \$296.4 million in 1992. Hong Kong's domestic exports to Vietnam increased another 14 percent in the first 11 months of 1993 to reach \$319.8 million.

The Vietnamese trade representative in Hong Kong, Dao Tran Nhan, said Hong Kong would benefit from an end to the embargo because many American firms already had their regional headquarters here. He said the Hanoi government was drafting laws to protect foreign investors.

Foreign companies would use Hong Kong as a springboard, though some would invest directly, Mr. Nhan said. Mr. Nhan also said Hong Kong entrepreneurs who had already invested in Vietnam would not lose out because of competition from the Americans. He said most Hong Kong investments were in the tourism industry.

The Hanoi government hailed the decision yesterday and vowed to keep cooperating with efforts to account for Americans missing in action (MIA) from the war. Deputy Foreign Minister Le Mai also said Vietnam accepted Mr. Clinton's proposal that the two countries exchange liaison offices, but stressed that Hanoi still sought full diplomatic relations with Washington.

He said the opening of liaison offices should come soon, but he would not guess how long it would take to normalize diplomatic relations. "That depends on the goodwill of the two sides," he said, adding that Vietnam wanted "normalization without preconditions".

But Mr. Mai bristled at Mr. Clinton's comment that his decision was not irreversible, saying that trade embargoes violated international law and so did threats to reimpose them. He would not be drawn on his personal reaction to the news: "I think the Vietnam issue is a very emotional one in the United States. We, the Vietnamese, are less emotional about it."

Editorial Hails U.S. Lifting of SRV Embargo

HK0602042894 Hong Kong SOUTH CHINA SUNDAY
MORNING POST in English 6 Feb 94 p 16

[Editorial: "Boat People and Embargoes"]

[Text] Better late than never. President Clinton's lifting of the three-decade-old American trade embargo against Vietnam was long overdue, but nonetheless welcome.

While the embargo may have served its original purpose of encouraging the Vietnamese to account for the more than 2,000 American servicemen still listed as Missing in Action, it has ceased to have any real function other than to block US companies from competing in one of Asia's fastest growing markets. Indeed the move may have come too late for some American businesses. As former Vietnamese Foreign Minister Nguyen Co Thach said at an end of embargo party in Hanoi: "In Vietnam, we have a saying. The latecomer buffalo will drink polluted water".

It was nonetheless a brave political act for a President still plagued by accusations of draft-dodging during the Vietnam war, and whose Commerce Secretary, Ron

Brown, has only just been cleared of accepting bribes for working to have the embargo ended.

The criticism levelled at Mr Clinton by Vietnam war veterans suggests he may still pay a political price for his decision. It would be a price worth paying.

For the lifting of the embargo is good news, not only for Vietnam and the US, but also for Hong Kong and the rest of Asia. In the short-term, local companies will have to work harder in a market where they have built up a dominant position. The territory has already pumped HK\$1.2 billion [Hong Kong dollars] into projects there, an amount second only to Taiwan.

But, in the longer term, the lifting of the embargo will strengthen Hong Kong's chances of remaining a regional hub beyond 1997, with the territory—already well-served by direct flights to Hanoi and Ho Chi Minh City—well-positioned to serve as a staging post for American businesses as they flood back into Vietnam.

More important still, the decision should finally close the chapter on the Vietnam war and its legacy of boat people who are still attempting the journey to the territory. As the thousands of boat people who are languishing in detention centres know, it is a journey to nowhere.

Secretary for Security Alistair Asprey and Refugee Coordinator Brian Bresnihan leave this week for an international conference in Geneva to look at ways of speeding up the return of boat people, the majority of whom have been screened out as economic migrants by Hong Kong.

It has always been recognised that the long-term solution to the boat people problem lies in Vietnam itself. Mandatory repatriation may have halted the influx over the past couple of years. But the only real guarantee for the Vietnamese lies in bringing the country back into the international fold. Vietnam needs to rebuild its economy and give its people every reason to stay and become a vital part of the process.

The lifting of the embargo can give an important boost to that process. It is not the end of the road, for that will only come when the US resumes diplomatic relations with Hanoi, something which is still some way away. But it is certainly a significant step in the right direction.

Daya Bay Nuclear Plant Safety Plan Reportedly Incomplete

HK0602051594 Hong Kong SUNDAY MORNING POST in English 6 Feb 94 pp 1, 3

[By Ruth Mathewson]

[Text] A Contingency plan to protect Hong Kong people in the event of an accident at the Daya Bay Nuclear Power Station is still incomplete—despite today's official opening of the plant by Chinese premier Li Peng. The 1,800-megawatt facility, which will sell 70 per cent of its power to Hong Kong, is just 20 kilometres from the Sai Kung peninsula and 50 km from Central. But senior

police officers admitted last week that problems still had to be ironed out and agreements reached with mainland officials. They would keep their "fingers crossed" until plans were finalised, they said.

Secretary for Security Alistair Asprey, whose department is co-ordinating the contingency plans, is expected at the opening of China's second and largest nuclear plant. However, a Security Branch spokesman said negotiators were still trying to secure a pledge from China to notify the territory of any on-site accidents. The two sides would talk again in Guangdong later this month.

Meanwhile, Marine North Division commander Herbert Au Hok-lam, a key adviser on the police contingency plan, said evacuation and safety proposals for Hong Kong were "never meant to be an all-embracing plan". "Let's face it, it's still in the planning stage. Not every problem has been ironed out. We're still trying to work out what the problems are. We're not professing that the plan is perfect, (but) attacking it for lack of coverage or adequacy, or inadequacy, is not constructive," he said.

The Royal Hong Kong Police's Chief Staff Officer (Administration), Peter Cummings, said there was a basic plan of action in case of emergency, but it contained "a lot of alternative possibilities" and some details had yet to be determined. "By and large we do have everything planned—we just have to keep our fingers crossed that nothing happens," Mr Cummings said.

Police planners, led by Marine North Division, were concentrating on Mirs Bay and Ping Chau island, 12 km from Daya Bay, he explained. The small island in Hong Kong's remote northeast attracts thousands of teenage campers and picnickers at summer weekends. "If there was a disaster at Daya Bay, it would be the Mirs Bay and Ping Chau areas that would be affected," Mr Cummings said. "If it's a weekday, there's hardly anybody on Ping Chau. If it's a weekend, then we've got bigger problems because there could be a couple of thousand people there."

"There is a provisional plan. We've got enough in hand now to do something if we had to, but there are always going to be differences of opinion: do you evacuate people, do you shelter people, do you need (iodine) pills or not need pills? Nothing's ever going to be 100 per cent satisfactory."

Mr Au said he had travelled to Ping Chau after the SUNDAY MORNING POST revealed the island's marine police had been issued iodine pills. Ping Chau police said they had received bottles of potassium iodine pills to distribute in case of a Daya Bay accident. Unsure of what to do with the pills, the policemen had padlocked them in the station's gun cupboard under instructions from the Police Public Relations Bureau to shield them from view. "They were never meant to be kept in a secretive manner," Mr Au said. "They have to be administered as soon as possible ... they are meant to be kept in first aid boxes. I double checked that the iodine tablets

were in the first aid box, not in the arms cupboard." The tablets fight the absorption of radioactive iodine after a nuclear accident and have been distributed to police at Tap Mun, Kat O, Ping Chau and Marine North Division.

Ping Chau police, faced with the prospect of rounding up thousands of teenage picnickers with loud hailer, said they had expected a test run. But Mr Au said Ping Chau visitors would not be forewarned by government notices or police, and no test run had been planned. "You have to look at it from a pragmatic point of view—you're looking at something that may not happen," Mr Au said. "I'm not in the process of arranging any test runs of administering the pills. (In an emergency) we would have to round up (picnickers) and warn them that something's happened."

"We would face the problem of evacuating them, arranging for transport, ensure they are kept in an orderly manner and ensure they can be taken to a place where they can be examined and, if they have been subjected to radiation, treated accordingly."

Daya Bay campaigner, the Reverend Fung Chi-wood yesterday called for the reactor to be shut down, saying the contingency plans failed to provide adequate protection. The United Democrats member and spokesman for the Joint Conference for the Sheltering of the Daya Bay Nuclear Plant said the group was now urgently pressing for the closure. "The nuclear plant poses so much of a threat to Hong Kong that it should cease operating," he said. The Guangdong Nuclear Power Joint Venture Company has invited hundreds of government, business and media figures to watch Mr Li open the \$31 million Daya Bay plant this morning.

PRC To Build Second Nuclear Plant Near Daya Bay

HK0702052194 Hong Kong AFP in English 0443 GMT
7 Feb 94

[Text] Hong Kong, Feb 7 (AFP)—China has decided to build another nuclear power station a few kilometers (miles) from the one it inaugurated Sunday in Daya Bay, near Hong Kong, the head of France's national power company said Monday [7 February]. "What we have determined from this trip (to China) is that the site for the plant is known. The Chinese government has clearly made its choice known," Electricite de France (EDF) chairman Gilles Menage said in Hong Kong.

"It will be situated practically in the same place—three or four kilometers from the existing site," he said. But he added that the Chinese authorities have yet to spell out under what terms the plant would be built. EDF played a major role in building the 1,800-megawatt, twin-reactor Daya Bay complex, 50 kilometers (30 miles) from Hong Kong, and it is keen to play a role in the new venture.

Publicly, China has yet to declare whether it will put the long-mooted second Guangdong nuclear plant at Lingao, five kilometers northeast of Daya Bay, or at Yangjiang, on the western side of the province. "Each site has its own advantages and disadvantages," the deputy head of public relations at Daya Bay, Chen Zhenyu, said at Sunday's formal launch of Daya Bay's first reactor, which Menage attended.

The central government in Beijing is said to prefer Lingao, which independent-minded provincial leaders favor Yangjiang. EDF, a French state company that is world's biggest generator of electricity, was overall technical consultant at Daya Bay. Its staff is staying on to oversee the training of its Chinese personnel. Daya Bay's proximity to Hong Kong has aroused safety concerns in the territory, but EDF executives say that since its conception, Chinese officials have strived to match Western safety standards.

Menage also said EDF was pursuing talks with Hong Kong's biggest utility, China Light and Power Co. Ltd.—which owns 25 percent of Daya Bay—on a possible joint venture of their own in China. "I believe that we may be able to say more in the coming weeks," he said. Hong Kong press reports last October said EDF and China Light were discussing a 2.5 billion US dollar joint venture to erect three 1,200-megawatt electric power stations in eastern Shandong province.

Legislator Attacks Patten on Democratic Reform Record

HK0502084094 Hong Kong EASTERN EXPRESS in
English 5 Feb 94 p 18

[By Martin Lee, chairman of the United Democrats of Hong Kong]

[Text] Governor Chris Patten recently said that as 1997 drew closer, he planned to spend more time "in the back of the car"—presumably so Hong Kong people could take a brief turn at the wheel.

Since he has revealed his desire to do this, it is worth assessing how far along the road to autonomy Hong Kong has travelled during his tenure.

Ten years after the Joint Declaration was signed, the power to control Hong Kong's destiny was supposed to be firmly in the hands of Hong Kong people. Instead, it increasingly looks as if the territory will merely change from having one undemocratically chosen and unaccountable British chief executive to an equally unaccountable one under China.

Patten arrived after successive British colonial governments relegated Hong Kong people to the position of powerless and almost irrelevant bystanders in decisions about our own future.

He pledged to do otherwise. But in many critical ways his tenure has further entrenched the colonial establishment and concentrated all governing power in the hands of the executive. The losers are the people of Hong Kong.

While the Governor has volunteered to respond to legislative councillors' queries in scheduled "question times", this is only a cosmetic change—the first chief executive of the Special Administrative Region can simply refuse to turn up to do this.

Much more relevant are the steps Patten has not taken in the Legislative Council [Legco]. For instance, of the 34 motion debates held by Legco last year, he either openly refused to, or has failed to take action on more than 40 percent of them. So while the Governor professes to want to let the people of Hong Kong drive, it is evident he will not let go of the wheel.

Patten's most damaging mistake has been the decision to exclude all of Hong Kong's democratically elected representatives from the policy-making Executive Council [Exco]. Instead of using Exco as a genuine cabinet to govern in co-ordination with the local leaders who will have to manage the territory after 1997, he has taken greater personal and direct control over the body.

Under Patten, not a single Exco member has been elected by, or is accountable to, anyone but Patten himself. So instead of a cabinet that can feel the pulse of Hong Kong our chief policy-making body is little more than an annex to Patten's personal fiction. The result is that all major decisions are made by a man who will leave in three years.

Patten has also resisted calls to establish an independent human rights commission and opposes the Access to Information Bill which would promote a truly open and accountable government.

He has announced plans to set up a Court of Final Appeal based on the secret Sino-British deal condemned by Legco, and his government has long dragged its heels in striking down colonial laws that clearly contravene the Bill of Rights.

Patten enjoys a wide reputation as the champion of democracy, but there is no real evidence as yet that his government is any more democratic or any more accountable than under his colonial predecessors.

Nor has there been a change in the longstanding policy of the British government of negotiating with Beijing over the heads of the people of Hong Kong. The Governor has repeatedly refused to allow a referendum on the electoral arrangements for the 1994-95 elections, in spite of his oft-stated objective of letting the people of Hong Kong have a say in their future.

For Hong Kong people to rule Hong Kong with a meaningful degree of autonomy after 1997, we must be allowed to take control of our own destiny now.

Patten must appoint democratically-elected local leaders to Exco and turn the Government into one that is at last managed by the people of the territory.

He must allow such a locally-constituted government to stand up for itself and deal with Beijing. And Hong Kong's affairs must be decided openly by the people of the territory, not in secret by British and Chinese diplomats.

If we are not ruling ourselves with autonomy under a British administration accountable to a democratic parliament, it is naive to think Beijing will allow us to rule ourselves after 1997.

Patten must not only take the back seat, he must take responsibility for realizing the "one country, two systems" objective by establishing the institutions that will allow Hong Kong its promised post-1997 self-government.

And on June 30, 1997, when the last Governor leaves, he must be able to say the institutions he has left behind will preserve our individual freedoms through the rule of law and provide a system of local, accountable government.

He can only do this by respecting the wishes of the people of Hong Kong and those who have been democratically elected to represent them.

Chief Secretary States Need To Keep Airport Proposal Secret

HK0502083094 Hong Kong SOUTH CHINA MORNING POST in English 5 Dec 94 p 4

[By Doreen Cheung]

[Text] Chief Secretary Anson Chan Fang On-sang said yesterday the Government had to keep the latest financial proposal for the Chek Lap Kok airport secret to ensure an early agreement with China. Despite being pressed by legislators to reveal the fourth financial package at yesterday's Legislative Council Finance Committee meeting, Mrs. Chan said it was not in the public interest to disclose the package yet. She said a new package had been handed to the Chinese side and the Government had pressed for a meeting with China to conclude an early deal.

Pro-China legislator Tam Yiu-chung said recent press reports contained details of the financing plan and queried whether it was the Government or Executive Councillors who had failed to heed the confidentiality rule. Pointing out he did not support the Government's move to pump more funds into airport projects at this stage, Mr. Tam asked whether such a move would dampen the chances of striking a deal with China. But Mrs. Chan said it was needed to avoid any delay, and none of the items needed consultation with China.

Apart from Mr. Tam and Philip Wong Yu-hong, the Finance Committee voted for four funding proposals totaling \$4.7 billion at 1997 prices relating to the airport

core programme projects including: —\$1.3 billion for the remaining works of the Lantau Fixed Crossing—\$145 million for certain airport railway advance works—\$1.9 billion to provide infrastructure for the Tung Chung phase I

New town and the new airport—\$1.4 billion for government facilities at the Chek Lap Kok Airport.

Members pressed the Government to promise completing the Kowloon to Chek Lap Kok Airport rail link by mid-1997 but the Government was unable to assure them. Principal Assistant Secretary for Transport, Arthur Ng, would only say the Government hoped the section could be finished by June 1997 to coincide with the airport's opening.

He also failed to give a date beyond which the airport railway could not be completed as scheduled. Meanwhile, legislators approved a funding proposal to allocate \$6.8 billion as an initial capital injection to a sewage services trading fund to finance the construction of the high priority programme.

Editorial Criticizes PRC, U.S. in MFN, Human Rights Debate

HK0502083894 Hong Kong EASTERN EXPRESS in English 5 Feb 94 p 18

[Editorial: "No Time To Trivialise Human Rights"]

[Text] The news that Chinese authorities have released three political prisoners is indeed welcome. But we are profoundly uneasy about how China's Western critics have been drawn into what one human rights group described as "a cynical trade in political prisoners".

Both sides—not just China—are treating prisoners of conscience as mere tokens, commodities suitable to be bartered for tariff reductions, export quotas, satellites, or arms proliferation deals.

Xiao Bin's only crime was to tell a U.S. television reporter what he had heard about the 1989 Tiananmen massacre in Beijing. His mistake was to speak in front of a camera. For this he was sentenced to 10 years in prison.

The other two freed dissidents had also been convicted of "counter-revolutionary crime". Ding Junze, a philosophy instructor in Shanxi had been sentenced to 12 years for the crime of "inciting anti-government activities."

Liao Yiwu, a Sichuan poet, was sentenced to four years for "antigovernment activities." This, apparently, was the making of an art video which expressed sympathy for the victims of the 1989 massacre.

Under China's legal code counter-revolution is defined as "all acts...committed with the goal of overthrowing the political power of the dictatorship of the proletariat and the socialist system." It embraces "acts" of speech deemed to be "counterrevolutionary propaganda and incitement."

The existence of this so-called "law" is the sole basis for Foreign Ministry spokesman Wu Jianmin's fraudulent claim that China has no political prisoners.

Wu's preposterous statement last Thursday that the functioning of China's judiciary "is something that the Chinese government cannot interfere in" was a bald application of the "Big Lie" techniques first perfected by Stalin and his apologists.

We are expected to believe that the trials of political dissidents in China remotely resemble due process, and that they are not carried out strictly according to the instructions of party leaders.

Wu's smug defence of China's suppression of dissent as "legal" and therefore unrelated to human rights is bad enough.

Equally cynical, however, are the circumstances surrounding the release of Xiao, Ding and Liao, just one day after the release of the U.S. State Department report on human rights.

We are poised for another round of cynical manipulation as the annual charade of Most Favoured Nation (MFN) trading status negotiations meander to a conclusion on June 4, exactly five years after the Tiananmen uprising.

What began as a sincere impulse to help the victims of political oppression in China has been degraded to the lowest form of political theater.

Yesterday's reported release is only the first act in this year's MFN circus. China will play its part by releasing a few more political prisoners, agreeing to prison visits by the International Red Cross, and making reassuring noises about arms proliferation and helping to curb North Korea's nuclear ambitions.

The Clinton administration will deliberate meaningfully before finally pronouncing these concessions "significant, overall", and therefore sufficient to justify extending China's MFN status one more time.

Congress, after a series of gestures to demonstrate the purity of its commitment to human rights, will agree—with reservations—that China does deserve to keep MFN after all.

What are rational people to make of this? The starting point should be to state unambiguously that it is inexcusable for there to be political prisoners in China and everywhere else. It is even less acceptable for them to be treated inhumanely.

There are certain universal standards of acceptable behavior which the international community has a responsibility to try to uphold.

China, as a member of this community, cannot expect to be immune from pressure on this front.

The question is how can pressure be best applied? Most useful of all may be simply to communicate to Beijing, as

clearly and as often as possible, what are seen as minimum standards of decency for a civilized society, and to identify where we believe China does not measure up.

Trade policy and sanctions have so far proved a blunt and not very effective tool for protecting or developing these freedoms in China, or anywhere else.

However satisfying the rhetoric sounds, the use of real sanctions, like revoking MFN, may strengthen the reactionary and repressive elements in the Chinese leadership.

But what we dislike most of all is the trivialization of human rights in China into an excuse for empty rhetoric and political posturing by U.S. politicians, none of whom will ever have to live with the consequences of their actions.

XINHUA Reports Property Stock To Hit New Highs in '94

OW0402131194 Beijing XINHUA in English 1220 GMT 4 Feb 94

[Text] Hong Kong, February 4 (XINHUA)—Hong Kong's property stocks are set to hit new highs despite the 80 percent rise in property stock prices since last August, according to Salomon Brothers, one of the world's leading investment banks.

In its latest Hong Kong property equity research paper, the firm said strong earning growth from the swift land price rises and the steep rent hikes from 1993 onwards should combine with the expansion in the sector's price/earning ratios to take stock prices to new highs.

The paper, entitled "Major Re-Rating Awaits Property Stocks in 1994", said the key drivers of the re-rating will be the dissipation of the fear that Hong Kong will suffer from a mass exodus of residents and capital ahead of 1997 and the realization that the property market is well supported by strong incomes that China has helped generate and is not an asset bubble.

China is a major source of long-term opportunities for Hong Kong property companies and not a source of political risk, which pressures immovable assets like property, the paper said.

Another factor pushing the re-rating is that the market is starting to accept a valuation paradigm that values certain quality property stocks on an earning multiple basis, which recognizes these companies as generators of long-term earnings.

Salomon Brothers, in the Asia Pacific region outside Japan, has branches or representative offices in Bangkok, Seoul, Singapore and Taipei, with the regional headquarters in Hong Kong.

PRC To Name 400 New Community Leaders

HK0702043594 Hong Kong SOUTH CHINA MORNING POST in English 7 Feb 94 p 1

[Report by Chris Yeung]

[Text] China is to name up to 400 community leaders to serve as District Affairs Advisers with the first batch of about 100 to be appointed this month, sources say. Days after their appointment premier Li Peng is to renew the appointment of the first batch of 43 Hong Kong Affairs Advisers in Shenzhen on March 2. The 43 received notification at the weekend from the local branch of XINHUA (the New China News Agency) for the Shenzhen trip.

Now on a swing in the southern cities including Zhuhai and Shenzhen, the premier is scheduled to make his second tour to the border city early next month to attend a celebration of the completion of a mammoth water supply facility from the East River to Hong Kong.

The strengthening of united front work comes as the first piece of legislation on the 1994/95 elections is about to be passed by the Legislative Council and the remaining controversial parts are due to be tabled in the legislature.

According to sources close to XINHUA, the de facto embassy's three district offices have begun finalizing the list of the first batch of District Affairs Advisers. Formal invitation is scheduled to be extended by heads of the three district offices in Kowloon, Hong Kong Island and Sha Tin in the next fortnight. The official appointment is expected to be made by the local director of XINHUA, Zhou Nan. Unlike the Hong Kong Affairs Advisers who were jointly appointed by XINHUA and the Hong Kong and Macao Affairs Office, the newly-created District Affairs Advisers will only come under XINHUA.

The first batch of District Affairs Advisers would include members of the district boards, area committees and mutual aid committees which form the skeleton of the lower-tier political structure under the British administration. A number of District Affairs Advisers will be chosen from the hundreds of traditional kaifong associations, residents groups and neighborhood bodies in the territory. The source said it was almost certain that core leaders from the United Democrats, seen as subversive, would be excluded. But members of other liberal political groups such as the Association for Democracy and People's Livelihood might be enlisted.

The source maintained that, like the Hong Kong Affairs Advisers, the District Affairs Advisers would not be working as a group. "They will have regular meetings with XINHUA officials and be consulted on territory matters," the source said.

The appointment of District Affairs Advisers means China will have its own three-tier consultative network in Hong Kong. Top of the structure is the 30 Hong Kong members in the 57 strong Preliminary Working Committee, which was formed under the National People's

Congress Standing Committee last summer to pave the way for the setting up of the post 1997 region. Further down will be the Hong Kong Affairs Advisers of which 91 local leaders in two batches have been named since 1992. The third batch is expected to be appointed next month. The next structure will be District Affairs Advisers, the idea for which apparently came from Hong Kong people.

Beijing decided to seriously consider the idea about "one to two months" ago in the face of the breakdown of Sino-British talks, the source said.

Macao

Governor Meets Chinese Minister of Communications

OW0402131494 Beijing XINHUA in English 1221
GMT 4 Feb 94

[Text] Macao, February 4 (XINHUA)—Macao Governor General Vasco Joaquim Rocha Vieira met here today with the visiting Chinese Minister of Communications Huang Zhendong.

The two sides mainly exchanged views on the construction of the Macao International Airport.

Huang said after the meeting that he was convinced the airport would be completed very soon under the friendly cooperation of the two sides, which would make the dream of Macao residents of generations to have their own airport come true.

He added, the completion of the airport would bring great benefits to Macao residents and is expected to play an active role in improving Macao's investment environment and promoting local economic development.

Huang and his entourage arrived here Thursday [3 February] evening at the invitation of Macao governor.

Governor Calls Visit 'Great Success'

OW0702073094 Beijing XINHUA in English 0714
GMT 7 Feb 94

[Text] Macao, February 7 (XINHUA)—Macao Governor General Vasco Joaquim Rocha Vieira said that the visit of China's Communications Minister Huang Zhendong to Macao was a great success.

He also said that this had again showed the friendly cooperation between China and Portugal.

Macao governor made these remarks at the Barrier Gate Check Point in Macao where he said good-bye to Minister Huang Zhendong this morning.

He noted, Macao residents should be confident in Macao's future and in the contributions that both China and Portugal have made to the area.

Had added [as received], "We'll further our efforts to create conditions for the progress and stability of Macao."

Official Views Airport's Role

OW0702075894 Beijing XINHUA in English 0723
GMT 7 Feb 94

[Text] Macao, February 7 (XINHUA)—Chinese Communications Minister Huang Zhendong said today that the construction of the Macao International Airport is of great significance and it will play an important role in promoting the economic development and political stability in the area.

Huang made these remarks in an interview with XINHUA before he left here this morning.

He said the airport is the largest communications project in Macao's history. The completion of the airport will greatly improve Macao's investment environment and enhance local economic prosperity.

He added the airport will also bring more benefits to local residents who have dreamed to have their own airport for generations.

At present, Macao's communications connection with overseas places is mainly through Hong Kong and now there are more through China's mainland.

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